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29 SEPTEMBER 1986

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INTER-ASIAN AFFAIRS

AUSTRALIA, NEW ZEALAND TO BENEFIT FROM LONG-TERM CER

Sydney THE SYDNEY MORNING HERALD in English 26 Jul 86 p 13

[Article by Anabel Dean: "Why We Lag in Trans-Tasman Trade"]

[Text]

Suspicious that New Zealanders have exploited the Closer Economic Relations (CER) agreement at the expense of Australian primary and manufacturing industries appear to be premature.

While trade is running in New Zealand's favour, all indications are that in the longer term, CER will work well for both nations. Australia's poor showing so far is a result of manufacturers' apathy, according to the NSW Chamber of Commerce survey.

The chamber's executive director, Mr David Abba, said yesterday: "We're basically lazy bastards. Australia's biggest problem is her apathy. The whole of the New Zealand business community is up, running and using CER to the best of its ability. They are going like the clappers from hell."

Although nearly half of the 800 companies surveyed were exporting to New Zealand, 73 per cent knew little about CER and were not exploiting the free trade agreement.

In the three years before CER started in 1983, New Zealand's sales to Australia grew in value at a rate of 16 per cent a year, while the return trade grew by 10 per cent. Since CER, New Zealand exports have risen to 31 per cent a year while Australia's sales have grown by 18 per cent.

New Zealand sales doubled from \$A675.4 million in the calendar year to December 1981 to \$1.368 billion in the year to December 1985, while Australia's exports grew from \$A968.8 million to \$1.488 billion. And in 1985, Australian exports fell by 3.8 per cent.

CER contains what Canberra believes are adequate safeguards against unfair competition. The pact is gradually removing tariffs, quotas and subsidies. New Zealand has abolished restrictions in 140 categories but retained import licensing in another 150 categories. Australia has quotas on sensitive industries such as textiles, and offers export subsidies to some businesses. The largest single New Zealand export is paper and paperboard, which cost Australia \$83.8 million in 1984-85. Other major items were: wood, floor coverings, pulp and waste paper, textile yarn, vegetables and fruit, wool and fish.

Oil, iron, steel, machinery, textiles, pharmaceutical products and office machinery are Australia's main exports to NZ.

The Department of Industry and Commerce acknowledged that Australia had missed opportunities, but said this would change.

Its director of bilateral relations, Mr Wayne Gregson, said: "While we're going through the transition period the New Zealanders will find it easier to get into our markets than we do into theirs because of their residual barriers. But by the time we get to the free trade agreement, it will be fair in both directions."

Political sensitivity would remain in textiles, footwear, clothing, motor vehicles and sugar, he said. "These will run their full course and still take to the mid-1990s for a resolution."

The New Zealand trade commissioner, Mr Brian Pomeroy, agrees that the pact has favoured New Zealand in its initial stages when the import licensing system was still fully operative, but these are being dismantled much faster than anticipated.

Payment of subsidies by the Australian Government was hitting New Zealand at a time when its own import licences were being abolished, he said.

"But we're happy about the way things are going. The unresolved issues are ones which both governments are fairly conscious of. It's just a matter of getting industry support on both sides of the Tasman to work those out," Mr Pomeroy said.

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CSO: 4200/1434

AUSTRALIA

REPORTAGE ON HAWKE GOVERNMENT BUDGET

Tax Increases

Sydney THE SYDNEY MORNING HERALD in English 20 Aug 86 pp 1, 4

[Article by Mike Steketee]

[Text]

CANBERRA: The Hawke Government has resorted to savage and wide-ranging tax increases, which will raise the cost of petrol, wine, luxury cars, bank accounts and health care, in order to slash the Budget deficit to \$3.5 billion.

The higher taxes — 3c a litre on petrol, a doubling of the wine tax to 20 per cent, an increase of up to 50 per cent in the bank debits tax and the sales tax on luxury cars — comes on top of the most extensive cuts in spending in a Budget for many years, including in the sensitive areas of welfare, health and jobs programs.

The one piece of good news for taxpayers in a harsh Budget is that the income tax cuts promised last year will go ahead — although they are being delayed by three months, to December 1.

These will bring the marginal rates of tax down from 60c to 55c in the dollar, from 48c to 46c, from 46c to 43c, from 30c to 29c and from 25c to 24c.

The legislation implementing the cuts, introduced into Parliament last night, also commits the Government to bring in the next round of income tax reductions from July 1 next year.

But in what is likely to be the major point of attack on the Budget, the \$1,435 million in revenue the Government will forgo in income tax reductions will be offset almost exactly by the \$1,445 million the new tax measures are estimated to raise in 1986-87.

The main surprise in the Budget was a 14 per cent increase in the excise on petroleum products, which is estimated to raise \$625 million this financial year.

This and other new imposts are expected to increase the Consumer Price Index by 0.5 per cent — going against the thrust of Government policy to bear down on inflation.

As well, they breach the trilogy ceiling on taxation, with the Government's total tax take estimated to rise by 11 per cent during 1986-87.

The Government was willing to make these sacrifices, first to allow it to cut the Budget deficit by \$2.2 billion to a figure generally below market expectations. This should ensure that the Budget receives a good reception from business and the money market.

The second reason was to preserve the income tax cuts, which are a critical part of its political strategy.

In effect, the Budget has moved the Government down the path which the Treasurer, Mr Keating, wanted to take it in a large leap last year through the introduction of a 12.5 per cent consumption tax: it has started shifting the burden of taxation from income to consumption.

Though gradual, this is a policy which will cause difficulties with Labor's own supporters, since indirect taxes hit the less well off the hardest.

The main disappointment for the business sector and the money markets is that the Government will be seeking a wage discount of 2 per cent in the national wage case starting late this year. It was expected the Government would be looking to discount the 4 per cent increase in the CPI by about 3 per cent.

The basic figures underpinning a contractionary Budget, the aim of which is to slow the economy to a rate which helps turn around the huge trade imbalance are:

- A net \$2 billion cut in Government spending to bring the total down to no increase after inflation

- a degree of spending restraint, according to Mr Keating, achieved only three times in the last 30 years. Total Government spending for 1986-87 is projected at \$75 billion.

- A \$7 billion increase in Government receipts to a total of \$71 billion.

- Economic growth over the next year of 2.5 per cent — a sharp slowdown from the 4.1 per cent in 1985-86 and the 5 per cent in the previous two years. The Government's projection, which is above most private sector estimates of economic growth, means, according to Mr Keating, that unemployment "could rise a little".

- An increase in the Consumer Price Index of 8 per cent, compared to 8.4 per cent for 1985-86.

- An assumption that the value of the dollar will remain at its recent levels.

The Budget offers hope — but only in the long term. Its unambiguous aim is to slow economic growth by pulling Government resources out of an economy which is already slowing down.

The main risk to the Government's Budget strategy is if its growth forecast has been too optimistic, throwing out its calculations of spending and revenue and blowing out the Budget deficit.

The Budget papers make it clear that there will barely be a start during 1986-87 to achieving the Government's primary goal — turning around the trade deficit.

They forecast another deterioration in the terms of trade — about 8 per cent, compared to 10 per cent in 1985-86. In the absence of more favourable terms of trade or a significant recovery in the dollar, the current account deficit for 1986-87 is expected to be slightly higher than last financial year but slightly lower as a proportion of total national income.

But this should produce "a sustainable improvement over time," the Budget papers add.

Mr Keating made clear the importance the Government placed on the Budget as a means

of influencing market sentiment by making a virtue of the Government's tough attitude to spending.

He said the Government had cut more than \$500 million from its welfare budget, \$300 million from health, \$190 million from defence and \$140 million from overseas aid.

As widely predicted, the increase in pensions and other benefits due on November 1 will be deferred for six weeks, saving \$156 million.

The planned relaxation of the incomes test for pensions and benefits will be deferred for eight months to July next year, saving \$148 million.

The Government will save another \$20 million by applying an income test to family allowances for 16 and 17-year-olds.

Mr Keating argued in his speech that the Government would not compromise its deep commitment to helping the genuinely needy and was requiring only a minimal sacrifice compared to that being asked of wage and salary earners.

In health, the maximum patient contribution for medical services will rise from \$10 to \$20 from November 1, and the bed day subsidy to private hospitals will cease from October 1. The fee for prescription drug users will rise from a maximum of \$5 to \$10.

The Government is introducing tertiary education fees through the back door by charging \$250 a year "to offset administration costs" for all higher education students next year.

Defence spending is being cut back to a real growth of 1 per cent.

The Government's main job creation scheme, the Community Employment Program, is being slashed by \$90 million to \$200 million, but the Government is putting an extra \$67 million into job training programs, including \$33 million for youth traineeships.

Details Highlighted

Sydney THE SYDNEY MORNING HERALD in English 20 Aug 86 p 1

[Text]

BUDGET CUTS AND TAXES

WELFARE **cut \$514m**

Fortnightly reporting by dole recipients. Deferral of pension indexation adjustments for six weeks and measures to increase pension free areas for eight months. Means testing of family allowances for 16 and 17 year olds.

EMPLOYMENT **cut \$90m**

Outlays under the Community Employment Program reduced by \$90 million to \$200 million; increased emphasis on job training program (\$67m increase) and lower emphasis on job creation schemes.

HEALTH **cut \$300m**

Medicare levy rises to 1.25 per cent on December 1, maximum patient contribution for medical services to go up by \$10 to \$20 and prescription drug contributions up from \$5 to \$10 maximum on November 1, crackdown on excessive pathology charges by MDs.

EDUCATION **cut \$80m**

Projected outlay for tertiary institutions of \$2,630 million down 3.4 per cent; higher education students to pay \$250 annual fee. English Second Language Program funding reduced by half to \$30m, Multicultural Education Program scrapped.

DEFENCE **cut \$185m**

Spending to be pegged to one per cent real growth, an increase of \$740 million to \$7.4 billion. The lowest increase in the defence budget since 1977/78.

SALES TAX

Wine and cider doubled to 20 per cent, 10 per cent sales tax on packaged flavoured milk, previously exempt fruit juice products and non-alcoholic wine and cider; luxury vehicles up from 20 to 30 per cent; 20 per cent tax on swimming pools, spas.

FUEL EXCISE

Excise on petrol and diesel fuel increased by three cents a litre, yielding \$625 million in 1986/1987 and \$715 million in a full year.

CONCESSIONS

PENSIONS

Pensioners, low-income families with children get an extra \$1 per week for each child, from November; handicapped children's allowance rises by \$7 per month; orphans' pension up \$4.30 a month.

BUDGET REACTION

MONEY MARKET

Initial bullish trading in London saw the dollar rise 1.4 cents to 64.40 against the US dollar before settling back to 63, indicating a degree of dissatisfaction with the Budget in the money market.

STOCK MARKET

London analysts say the market is encouraged and optimistic but that investors are likely to continue treating Australian shares cautiously.

THE UNIONS

The ACTU says that even in the face of 2 per cent wage discounting, and little stimulation of investment, the union movement is unlikely to abandon the Accord.

THE OPPOSITION

Mr Howard is also critical of the Government's reliance on higher taxes and says the Budget offers no hope of a fall in inflation.

THE OUTLOOK

GROWTH

The economy is expected to slow substantially, growing at a rate of a little over 2 per cent in 1986-87. Consumer spending will be weak and farm incomes will fall further.

EARNINGS

Average weekly earnings are expected to rise by about 6 per cent. They will be held down by further wage discounting of 2 per cent in January.

PRICES

The annual inflation rate is expected to remain around 8 per cent in 1986-87. It will be kept high by the effects of the further depreciation of the dollar.

JOBS

Employment growth is expected to slow considerably, causing "some increase" in the rate of unemployment. The average number of people on the dole should rise by 36,000 to 595,000.

INVESTMENT

Business investment is forecast to decline in real terms during 1986-87, but investment in new homes should recover as the year progresses.

Columnist: 'May Not Be Tough Enough'

Sydney THE SYDNEY MORNING HERALD in English 20 Aug 86 p 1

[Text]

This may not be remembered as the great horror Budget of the post-war era, but it certainly ranks as the Hawke Government's greatest act of political courage.

The Budget is tough enough to lose the next election, although it may not be tough enough to fix the economic crisis.

Paul Keating has tossed many things overboard in his single-minded determination to cut the Budget deficit to a level not merely acceptable to the currency market, but well below what it was expecting.

The first thing overboard was the Trilogy of budgetary commitments, in particular the commitment to limit the growth of taxation.

The big surprise of the Budget is its reliance on taxing as well as axing. Spending has been cut across the board, but taxes have been increased in a host of unexpected ways.

The tax increases are sufficient to wipe out the cost of the (delayed) income tax cuts, and will add about 0.5 per cent to the inflation rate.

In the taxing and axing process, various election promises have been broken and there is something in the Budget to offend just about every special interest group: taxpayers, motorists, wine drinkers, pensioners, unionists, families, tertiary students, the ethnic community, the defence forces, banks, doctors and various industries.

Coming from a Government which could lose office on a swing of just over 2 per cent, the Budget is daring indeed.

But the Government was in political jeopardy whichever way it jumped. The public is sufficiently worried about the economic crisis to know that tough measures were called for.

Had it failed to deliver a nasty Budget, it would have been judged weak and indecisive, allowing the economy to drift.

Economically, too, the Government had no choice but to administer the nasty medicine being prescribed by the financial markets

and our international creditors.

The Government's only hope of halting the fall in the dollar, and thereby restoring business confidence, lay in slashing the Budget deficit and taking a firm stand on wages.

The surprisingly low deficit should satisfy the currency market — for the time being, at least.

But, as the Government itself admits, the market has at least six months of bad trade and inflation figures to weather.

This leaves plenty of scope for further bouts of nervousness in the market, leading to a further and potentially disastrous fall in the dollar.

It is here that the Budget's weak spot becomes apparent: the market is unlikely to be satisfied with the Government's commitment on wages.

With many people calling for a wage freeze, the Government has committed itself to seek discounting of only 2 per cent in the next national wage case — with maybe more discounting in the subsequent case "if conditions warrant it".

The forecast for a second year of inflation running at 8 per cent, combined with firm wage discounting of only 2 per cent, risks a significant worsening in inflationary expectations.

If the Budget strategy succeeds in turning around the market's psychology, a strengthening dollar would allow the Government to ease credit and lower interest rates. This is the ray of hope.

Indeed, an early fall in interest rates will be essential if the Government is to achieve its "soft landing" for the economy.

But if the strategy fails, if it doesn't avert a further fall in the dollar in the coming months, then the Government will have no choice but to push interest rates higher and we will be headed into deep and protracted recession. The Budget's political courage will count for nought.

'Pleasant' Surprises Viewed

Sydney THE SYDNEY MORNING HERALD in English 20 Aug 86 p 12

[Editorial: "Keating's Play for the Market"]

[Text]

HORROR BUDGETS, like horror movies, lean heavily on surprise. There were in fact remarkably few nasty surprises in last night's Budget. There will be plenty of disaffected interest groups, but most of the electorally unpopular measures had found their way into the press well in advance. The most important surprise in the Budget was a pleasant one for the foreign exchange market. The \$3.5-billion deficit is much lower than was expected, and should be low enough to allay concerns about whether the growth of the economy, and hence government revenue, will be up to Budget forecasts.

That low deficit was achieved partly by holding the real growth of government spending to zero, and partly by increasing taxes. In particular, the Government has increased the excise on petrol and diesel to raise an extra \$625 million in the current financial year. That will add substantially to the consumer price index. The Government clearly decided that the favourable impact on the foreign exchange market of a Budget deficit of well under \$4 billion would outweigh the adverse effect of a higher inflation rate.

Higher inflation for a lower Budget deficit — a questionable trade-off reminiscent of the Fraser years, and a measure of the Hawke Government's concern to make a favourable impression on the foreign

exchange market and stabilise the dollar. Only if the dollar is stabilised can the Government hope to get interest rates down and avoid an even worse, and politically fatal, recession. And, as Mr Keating acknowledged last night, the boost to confidence provided by the Budget will have to be sufficient to see the dollar through another six months of bad balance of payments statistics and deteriorating inflation.

That's a tall order, and it is not clear that Mr Keating's announcement on wages policy will be of much help. Business and the financial markets plainly were hoping for a wage freeze. The Government has given them wage discounting of 2 per cent in the next national wage case and promised to consider further discounting next year "if economic conditions... warrant it". With the terms of trade expected to fall by another 8 per cent this financial year, it is very unlikely that economic conditions will warrant further discounting. Economic conditions will require another 2 per cent discount in April, so why not freeze wages — that is discount by 4 per cent — this financial year?

Wage discounts insufficient

Clearly, the Government believes it has pushed its luck with the unions about as far as it should, and no doubt was

consoled by the thought that a real wage increase in January would increase tax revenue and lower the Budget deficit. Wage freezes are nice, but only if the unions agree to them. And business would be singularly unimpressed if the Government announced an effective wage freeze for the rest of this financial year, and if the unions announced they were deserting the Accord for collective bargaining.

Still, the Government probably was more vague about next April's wage case than it needed to be. It could have committed itself to seek further wage discounting in April without telling the unions anything they don't already expect, and reduced the uncertainty of the foreign exchange market. Last night's announcement on wages certainly was better than nothing, but it is far from certain that it was enough, even with a \$3.5-billion Budget deficit, to see the dollar through the next six months.

While it waits to see, the Government will be left in no doubt about the short-term political cost of the Budget. In trying to please business and the financial markets, the Government has offended a host of interest groups. The wine industry and the South Australian Government will scream about the increase in sales tax. The banks will be furious about the increase in the bank accounts debit tax. The doctors will be angry about the loss of the subsidy for private hospitals. The pensioner lobby will scream about the delay in the indexation of benefits. And everyone will be put out by the increase in the Medicare lobby.

Actually the Budget is not quite as tough as it looks. The full-year saving from last night's measures is actually less than 1986-87 saving, which means that a lot of money has been saved this year not by cutting but by deferring. The Budget could have been tougher. But it will still hurt. And the pity is that welfare recipients will be hurt unnecessarily.

The thin end of the wedge

Obviously the alternative was to cut more deeply into benefits and subsidies going to middle-class voters. Sadly, the political barriers to that are enormous: witness the Opposition's campaign against the assets test and the tax on lump sum superannuation, and the Caucus's stubborn resistance to the introduction of university fees. A nominal fee, called an administration charge, has been forced on the Caucus in this Budget. It is to be hoped that it is the thin end of the wedge. Free tertiary education has not increased the number of people from low-income families going to universities.

The increase in the Medicare levy will significantly erode the December income tax cut and, with the increase in sales tax and petrol excise, give the Government's opponents a field day. However, as Mr Keating said, increasing the levy was the only way that was politically possible to cutting \$174 million from the Government's 1986-87 health insurance bill. The alternative was to lower the rebate from 85 per cent. That would have infuriated the Caucus and the doc-

tors. It would have imposed a heavy burden on low-income families. And it would have reduced the ability of doctors to charge above the scheduled fee.

If Mr Keating's Budget works, it will satisfy business and the foreign exchange market that the Government has a handle on the balance of payments problem; it will stabilise the dollar; interest rates will fall; and the Government just might survive the next election. Interest rates are at their present high levels to support the dollar. If they do not come down soon, the economy will be pushed into a very deep recession.

Mr Keating's hope is that he can take the pressure off interest rates by using fiscal and

wages policy to support the dollar. If he can get interest rates down, he will minimise the long-term damage to the economy caused by the decline in investment, and will stand a chance of meeting this year's growth target. If he fails to get interest rates down substantially, the economy will not grow at anything like 2.25 per cent, unemployment will increase substantially, and the chances of the Government's survival will be very small indeed.

It all depends on how the Budget and wages policy are received by the financial markets. With luck, the market operators will judge the Budget on the volume of the screams they hear from affected interest groups. Because they will hear the screaming on Wall Street.

Hawke on Budget, Other Problems

Melbourne THE AGE in English 22 Aug 86 p 11

[Interview with Australian Prime Minister Robert Hawke by Michelle Grattan, given 21 Aug 86, place not disclosed: "The Hard Line of Hawke"]

[Text]

IT IS early days for the fourth Hawke Government budget, but Bob Hawke and Paul Keating must already be disappointed. The budget had looked set to go well. Then, within a day of its delivery, the markets — which the budget had wooed so assiduously — delivered a sceptical judgement. Down went the dollar.

The budget had also been directed to the trade unions. By yesterday, and despite the valiant efforts of Simon Crean, they too were causing the Government much trouble.

After almost a fortnight of intense media work, Mr Hawke fronted up late for yesterday's interview with 'The Age', delayed by a statement to Parliament on the Commonwealth mini-summit on South Africa, and by a chat with Paul Keating. But he was in good form.

His answers, under the pressure of time or the intense practice of this week, were crisper usual.

His message was: the budget is responsible and the Government hopes the markets will look at it in that light. The Government is perplexed that the markets have not been kinder.

The Prime Minister resisted the temptation to lash out. He remains officially optimistic on getting an agreement with the ACTU on wages. But equally, he does not shy away from hardening up the budget's wages position for the April case. Yes, he has not much doubt, there will have to be more discounting. And if beyond then, the economic situation requires the continuation of partial indexation, the Government will not shirk that either, though he would prefer things did not come to such a pass.

Bob Hawke knows that this year, at least 18 months from an election, the Government is fighting

for its life. The cloak of good economic manager has been half torn from the Government's body. If the Government is to have a third term, that mantle must be clung to and restored.

GRATTAN: After the decisions on uranium and the new Medicare levy, are you worried that many people might feel there is no promise your Government will not break?

PRIME MINISTER: No, because we've kept the major promises, and exceeded them — the major promises being to turn the economy around from its worst recession in 50 years and get growth, particularly jobs, with a central promise being half-a-million new jobs. We've kept that central promise. We've turned the economy around and we've created 630,000 jobs, so the centrality of our commitment has been more than kept. At all points we have said that we would make the decisions appropriate to the economic circumstances and that's what I am doing now.

When did you first realise the uranium ban wasn't worth keeping? Would it not have been more honorable to seek a change to party policy at the recent ALP national conference?

That's a very fair question. I can tell you with absolute honesty that the question of the sales to France did not, in any shape or form, arise in the consideration of the Expenditure Review Committee before the party conference. But you know Michelle, that we conducted the affairs of the committee in a worsening economic situation, and as we got to the latter stages where we had to find more savings, this suggestion was made. It's quite true if the suggestion had been made, and was in anyone's mind, before the conference, obviously we would have raised it there.

Are you disappointed with the market reaction to the budget? How do you explain it?

No. I think if you look at the statements from leading business people and commentators on the market, both here and overseas, those assessments and analyses have, by and large, been very favorable and commendatory of the Government. As to the actual movements of the dollar, I think

the gyrations that occur in the market are not something that are always capable of rational analysis. It seems to me that in the week before the budget there was probably written into judgments an assessment that the Prime Minister meant what he said as he was going around the country, that it was going to be a tough budget. Well, the Prime Minister knew what was in the budget and it was very unlikely that he was going to be walking around the countryside saying it was going to be a tough budget and then not produce one. In a nutshell, it seems that the market has followed the adage: "Buy on the rumor, sell on the fact".

Do you think you'll ever be able to satisfy the currency speculators about the Australian economy? Do you think they are stupid, evil or just cautious?

I'm not an adherent to the conspiracy theory. The downward move recorded in the currency has been substantially a reflection of the decline in our terms of trade position. Within a day, or two days, you can have fluctuations which defy rational explanation. I think that the markets, not just the markets, but the decision makers, here and overseas, will make judgments on the basis that this is the budget which is relevant to Australia's economic circumstances and most likely to produce the framework for future sustainable growth.

So you think the currency will improve? Will settle down?

It's two different questions. Improve, or settle down. What I am saying is that I think you will get a sense of stability in the currency reflecting the judgments to which I've just referred. You've got to remember it's not in Australia's interests to be looking for great increases within the currency.

Looking back, do you think the Government went overboard in preparing people for the budget by talking of "war" and "crisis"?

No, I don't. And I think this has been reflected in the reaction. We have done some very tough things in the budget and I don't think they would have been properly understood if we hadn't been selling, properly, to the community, the magnitude of the slashing of income which has been inflicted upon Australia.

The Reserve Bank has, to some extent, been propping up the dollar in recent times. What will happen if this can't be continued? Will the Government have to step in in some other way if there is another serious slide?

I just don't accept that, the budget having been delivered and being a responsible, I believe relevant budget, that the hypothetical situation that you postulate is going to arise.

The budget papers are not optimistic about an early improvement in Australia's trade account. When do you believe we might at last see a healthy current account?

I think that Paul Keating was correct in the budget speech when he said that we can expect, in the rest of this calendar year, some not too attractive figures. But I would hope that as we go into 1987 we are going to see on both sides the effect of a better export performance, a better performance against imports and a lowering level of imports as demand subsides to the extent that we suggest in the budget. So that I hope that in 1987 we are going to start to see the benefits although, as you will appreciate for 1986/87 as a whole, the current account will still, in absolute terms, not be much different.

What about a really healthy current account rather than just a marginally improved current account?

Look, Michelle, you then get into areas where you can't sensibly make judgements. In this sense, the current account position will, for a long time, depend on the prices for our primary products and mineral products and that's why we are investing so much time and energy in the upcoming round of multilateral trade negotiations. With the preparatory meeting at Cairns, then going to Uruguay, trying to ensure that agriculture will be given a prominent place. Now those rounds, as you know, take a long time. I would hope that as a result of the efforts we are making in conjunction with like-minded countries, plus, very importantly, the increasing realisation which is evident in Europe and the US, that the fact that what they are doing is

counter-productive to their own interests will, together, produce a less corrupted international market.

Are the increases in indirect taxes the start of a more general shift towards reliance on indirect tax?

No, there hasn't been any conscious planning on those terms. Remember that the statistics on the increase in indirect tax receipts in the budget are 5.9 per cent, which is less than what would be needed (to maintain them) in real terms. No, we undertook the outlays part first, the massive reduction in outlays, we then thought that the requirement was still for a lower deficit outcome. The increase in taxation was basically for that objective.

Your comments on television on Wednesday night seemed to indicate strongly that you believe the Government will certainly need to seek discounting in the April case (i.e. the case after next). Is this an accurate reading of them?

I said, in my statements, exactly what Paul said on behalf of the Government in the budget, that is, the two per cent discounting in the next case, then, in the case after that, a further downward adjustment if, in our judgment, the circumstances will require that. And I think they will.

Do you anticipate a return to full indexation by the case late next year? If not, when?

Well, I think the fact that I've indicated a prima facie case for discounting in the hearing after the next one, and that the actual position of the Government will be determined in the light of the economic circumstances would indicate that it is not possible for me to say with precision beyond that. The only thing I can say with absolute certainty is that we have proved that we will make the decisions in regard to wages outcomes which are necessary to the economic circumstances. And that commitment, in regard to wages, of adopting a position we believe is necessary for the health of the economy, will continue to guide the Government.

So if less than full indexation is necessary for that, it would be pursued?

If in the circumstances, yes. I would be hoping we are going to be able to get a situation as we go on, that wage and salary earners are going to have the opportunity of sharing more in the growing economy. But it would be irresponsible of me to make any commitments on this issue other than the ones I have made.

Do you think you can get a united position with the ACTU for the next case?

Just let me make a few points. Up until this point there has been an enormous amount of cooperation from the ACTU and responsibility on behalf of the workers of this country. They have reflected their understanding of the economic requirements, not only for themselves but for creating the best prospects for their children. I have no reason to believe that that same sense of responsibility won't continue in the very much worsened economic circumstances that have been put upon us from outside Australia.

So you're confident or hopeful of a united position?

We will follow the processes of the Accord. We will discuss with the trade union movement. I would hope that they will be able to identify with the position. There are some indications that that is possible. We will be committed, as a government, to putting the position that has been stated in the budget.

The Government believes it necessary to keep our wage increases in line with those of our trading partners. Yet average weekly earnings will rise by about 6 per cent this year, somewhat more than the 4.5 per cent or 5 per cent of those of our trading partners and well above Japan and the US which are under lower than average. Did you at any stage contemplate arguing for a freeze in the next case to try to get down to or below the international level?

The realities are that this is where the nonsense is of those who talk about going in and arguing for a wage freeze. The question has got to be put "What do you want — outcomes of the signs of hairy chests? Do you want rhetoric or results?" And it is clear that the

best sort of wages outcome, the lowest sort of movement, will come from one which is going to ensure that it remains in operation through the centralised wage-fixing system. If the trade union movement were to abandon that and go with the market, you would get a worse outcome, a higher wages outcome.

The budget forecasts a rise to \$85,000 in the number of people on the dole this financial year. Are you confident that figure is not too low? Also, I fail to understand why governments, and not just this one, will not release the assumption about the rate of unemployment on which dole estimate is based?

We have said, Michelle, that there will be some increase in unemployment. One of the difficulties is having any precision about this thing. What about the participation rate? And it is a reasonable assumption, I suppose, that as you move from high rates of economic activity to lower ones the participation rate will fall which, to some extent, should compensate for the lesser availability of jobs. So, I think we have, on the advice available to us, made the appropriate assumptions about the growth in unemployment benefit recipients.

What comment would you make about the doubts that have been expressed about other budget figures — growth and the Government's ability to achieve the deficit?

Well I'd say that if you look at the way in which we've gone about drawing up the budget, the assumptions there are in many respects conservative. Let me remind you about the components of them (which make up the forecast of 2¼ per cent growth in the economy). They are 1¼ per cent coming from net export growth and ½ per cent GNE (gross national expenditure).

Now, I would think that those components, which talk about only a 2½ per cent increase in export volumes, are valid. We are talking (in the budget) about only a 6 per cent decline in imports, when in the first six months of this year we've got a 10 per cent decline, in imports, so I think the elements there are reasonable and should at least be reflected in the outcome.

Another point is this, that we used, in the investment estimate, the 1 per cent decline figure that comes out of the statistician's survey (of business expectations) taken some months ago, probably in the depths of the gloom. I would think now that the business community here and overseas made the judgment that this is a relevant budget. I share with Paul completely the view that the investment position is likely to be better than predicted in the budget.

Were you concerned that some of the things you had to do in the budget, like deferring the action on poverty traps, were directed against Labor's heartland constituency, and did you try to escape that sort of decision?

We got no pleasure, Michelle, out of the decisions we had to take which meant some pain for the relatively less privileged in the community. And some points, delays in pensions for longer periods, discounts of pension levels, were on the table, were talked about, were avoided. We asked pensioners to bear a lesser burden than wage and salary earners because they are less able to do it and of course a residual of that, as you will appreciate, is that the proportion of pensions to earnings will increase. When we came to office the pension was 22.7 per cent of average weekly earnings. By May of this year it had increased to 24 and by December this year, on the assumptions that are in the budget, it is expected to go 24.2 per cent.

And it won't decrease after the next one?

You've got the assumptions built in that there are no discounts of pensions.

What was the decision you had to take in the budget which you personally found hardest or most regretted having to do?

I guess in the pensions and welfare area where there's been

something like \$500 million altogether. They were the hardest ones.

On the fringe benefits tax, you've spoken of being willing to accept administrative changes. When could we expect to see those and, secondly, I was just reading the latest 'Bulletin' poll and why do you think you can't sell this tax?

Well, there are really two questions there. The first one is one for Paul and the tax office. I don't know how long they need to make judgments about the settling in of it. I would be guided by them. I have simply said (and I know Paul will operate on this basis) that we will look at the administration and if it emerges that there are more efficient and equitable ways of administration ... we are prepared to act.

As to the selling of it, I think the answer there is pretty simple and comes in two parts. One is that I and Paul have been tied up in budget preparation and the privileged people who want to hang on to existing benefits have no shortage of financial sinews and they've been out there selling hard their particular position. But I'm quite confident that as the thing now gets into its total context, particularly as people get the benefits of the tax cuts in December ... knowing now that the legislation before the Parliament is going to enshrine the commitment to the final reduction by 1 July next year ... I think the balance of what we've done and the acceptable balance of what we've done will clearly emerge.

The bill to suppress allegations made to the commission on Justice Lionel Murphy has alarmed the media as a dangerous precedent for suppression. You have now modified it marginally. Why did you feel the need to go so far?

For the reasons that have been put forward by the Attorney-

General — and they are that it would be quite improper, in our judgment, to prejudice into the future the name of Lionel Murphy and inflict possible hardship on his family on the basis simply of allegations having been made and which, through the terribly unfortunate circumstances of which we are aware, not being able to be tested.

Was it a bit hasty, though, because you have now cut it back a bit?

No. I think the principle that I have enunciated is the right one. It wasn't a question of haste, it was the right thing to do.

There is an amendment though, isn't there?

What Lionel (Bowen, the Attorney-General) has made clear is that any person who has put a document in can get it back, and, if there is some suggestion of action needing to flow, that is not prohibited.

Do you find handling the job, which you've had for 3½ years, gets tougher as you go on?

This year's been tough, but no, the actual handling of it is not tough. You learn in the process. What has been tough this year, and what the disappointment has been — after the magnificent achievement of the first three years in dealing with the internal situation and getting the great outcomes we've got — is to then have the \$6.5 thousand million slashed from our national income, and having, in that context, to spend such an enormous amount of time doing things that aren't terribly pleasant. That's been hard. But the actual job itself is not hard.

You don't find the marginal rate of excitement and interest starts to turn down a bit?

To put it in better known economic jargon, I haven't noticed the law of diminishing returns.

AUSTRALIA

HERALD EDITORIAL BUCKS HAYDEN ON U.S. PROTECTIONISM

Sydney THE SYDNEY MORNING HERALD in English 19 Aug 86 p 14

[Editorial: "When Your Stick Is Small"]

[Text]

MR HAYDEN is right to hammer the likely effect of increasing US agricultural protection on Australian defence spending. Of all the government programs, defence will be among the hardest hit as the Government cuts spending in an attempt to rein in the balance of payments deficit. If the US dumping seriously damages our economy, then our defence effort – and thus the practical substance of Australian-US relations – will suffer.

Mr Hayden's arguments will not have much effect on the actions of electioneering Republican Senators, or on the President who is campaigning to try and retain Republican control of the Senate. But they are not really designed to do so. Mr Hayden and the Australian Government are trying to influence the behaviour of the US *after* the mid-term congressional elections. And they have grabbed one of the few arguments at Australia's disposal that is likely to win support in Washington. Clearly, Australia cannot credibly threaten the US. But we can point to the adverse impact of US policy

and play on US concerns about our region. We can also point out the foreign policy inconsistency of the latest US sales of subsidised wheat and sugar.

In American eyes our region includes everything from a barely stable Philippines to the South Pacific, where New Zealand has opted out of the ANZUS alliance, and the Soviet Union is busy trying to stitch up fishing deals with the region's mini-States. Australia can also legitimately point to its plans to increase its military effort in the region. We are in the middle of a major re-equipment program, and we are increasing our presence in the South Pacific. Long-range maritime reconnaissance flights may be stepped up, for example, using Fiji as a staging point.

Of course, Mr Hayden has been helped enormously by the fact that the question of the US bases in Australia was raised and immediately dropped. It had the effect (especially after the row with New Zealand) of concentrating State Department minds on Australia's problem without actually caus-

ing harm to US-Australian defence relations. Now Messrs Shultz and Weinberger are on side, and even the US press has taken an unusually big interest in the issue. Possibly, when the congressional elections have passed, US politicians will think of Australia and the region before agreeing to dump still more agricultural produce on the world market.

And that is about all Mr Hayden could expect to achieve. The problems of Australia and the region are a small part of the argument against agricultural dumping which may appeal to US politicians when they are safely re-elected. The new Congress might also consider the effect of their policies on the Soviet Union.

The Soviet Union exports oil and uses the hard currency to buy grain and high technology. By cutting the price of wheat, the US is increasing the amount of money the Soviet Union has to spend on high-technology imports, which are crucial to its defence as well as its industrial development.

Given that Australia is a minor US consideration, our Foreign Minister is carrying a tiny stick and speaking loudly – something of a talent of Mr Hayden's. Often that approach is bad diplomacy, and in the past it has aggravated US-Australian relations. But sometimes it is the only way an Australian foreign minister can make himself heard in Washington. This is one such occasion.

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AUSTRALIA

ACTU PLANS FOR REVISED PRICES, INCOMES ACCORD

Sydney THE SYDNEY MORNING HERALD in English 22 Aug 86 p 4

[Article by Matthew Moore]

[Text]

MELBOURNE: The president of the ACTU, Mr Crean, has forecast that a revised version of the Prices and Incomes Accord - Accord Mark III - will emerge from a special unions conference likely to be held in October.

After a long debate on the Federal Budget and its proposal for two rounds of wage discounting, the ACTU executive sidestepped yesterday a decision on the question of wages by foreshadowing a conference of officials from its 162 affiliates.

While maintaining ACTU policy that wage discounting remained unacceptable, a resolution carried yesterday established a framework for the trade union movement to come up with a new agreement on wages to ensure the survival of the broad outlines of the Accord.

The resolution also criticised the Government over the Budget and attacked business for its failure to invest in an economy it described as having ideal conditions for investment.

It said the ACTU did not believe that "the Budget deals with restraint on the basis of equity" and claimed wage and salary earners had been unfairly treated.

It criticised the increased price of petrol, which it forecast would

lead to "unacceptable levels of inflation" and condemned cuts in the social security area as demonstrating "considerable insensitivity".

Speaking after the resolution was carried, Mr Crean said the ACTU's wages campaign committee would negotiate the question of wages policy late next month.

"We don't see any limits to the negotiations," Mr Crean said.

The timing and the amount of the next wage increase, the question of superannuation and the question of Government funding for industry development, would all be chips to be used in the negotiations, Mr Crean said.

In the face of the Government's discounting plans, he made it clear that the executive had already conceded that the likelihood of the scheduled 4 per cent wage increase being delivered on January 1 was fast receding.

"It's still possible to talk about 4 per cent but the time frame over which you get it might vary."

If no agreement with the Government could be reached, Mr Crean said, the special unions conference would take a united position to walk away from the Accord. But even then, he said, the ACTU would continue to take

a "responsible approach to wages policy".

"The purpose of the special unions conference is to give a demonstration of unity about a sensible direction forward."

A decision to abandon the Accord would not lead to immediate wage campaigns as unions would honour their commitment to the Arbitration Commission not to pursue extra claims before January 1, Mr Crean said.

Continual calls from business for a wage freeze or wage discounting more substantial than that already proposed are causing resentment in the ACTU and prompting uncharacteristically harsh outbursts from Mr Crean.

Yesterday he accused the business community of pulling "a great confidence trick".

"They have done nothing and the trade union movement has made significant concessions ... and the employers, to shield themselves from the fact that they have done nothing, divert attention to high taxes, to the fringe benefit tax and to wages."

"When it comes down to it the trade union movement is prepared collectively to pitch in, to take the tough decisions. It's the business community which has failed this country."

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AUSTRALIA

QUEENSLAND PREMIER HITS HAWKE SUGAR DEAL

Sydney THE AUSTRALIAN in English 25 Aug 86 p 1

[Article by Matt Robbins]

[Text]

THE Prime Minister, Mr Hawke, has chosen the eve of a visit to Queensland to announce the Federal Government's formal approval of \$100 million in aid for the State's struggling sugar industry.

But the Queensland Premier, Sir Joh Bjelke-Petersen, said last night negotiations on the joint Commonwealth-State agreement almost failed last week and that Mr Hawke had finally agreed as a gimmick for the coming State election.

Sir Joh said the Federal Government had tried to alter the terms for Commonwealth funding from three to nine years, and had only capitulated out of fears of an electoral backlash against the Queensland ALP.

Mr Hawke telexed Sir Joh late yesterday informing him of the Commonwealth's agreement on a package of measures, including price support, mill adjustment and industry deregulation.

He advised that proposed farm adjustment assistance was still subject to discussion between the two governments and that final details were expected soon.

The main assistance measure in the package, for which Sir Joh said Queensland would provide about \$50 million, is price support over the next three years, to be funded on a 2-to-1 basis by the Federal and State governments.

Battling

Mr Hawke also urged the Queensland Government to proceed as quickly as possible with deregulation measures, which were crucial to the future efficiency and prosperity of the State's sugar industry.

On a visit to help sell the Federal Budget, Mr Hawke will address a meeting convened by the Company Directors of Australia in Brisbane today.

Sir Joh accused Mr Hawke of timing the announcement of Commonwealth agreement in the long-running dispute between the two governments to "get on our good side before arriving in Queensland".

"We were battling for a few days last week and I had a press release ready saying how the Commonwealth Government wanted to change the rules of the game.

"But with an election coming up all these (Labor) men were shivering and shaking. I've never seen such a frightened bunch in my life - Mr Hawke obviously thought it would be a good election gimmick."

The general secretary of the Australian Sugar Producers Association, Mr Norm Dillman, last night welcomed news of the agreement as a boon for growers and millers.

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AUSTRALIA

CANBERRA CREDIT RATING UNDER REVIEW

Sydney THE AUSTRALIAN in English 25 Aug 86 pp 1, 2

[Article by Robert Hadler]

[Text] The flexibility of the prices and incomes accord in coping with critical trade problems is the main concern of the international agency reviewing Australia's credit rating.

Senior analysts of Moody's Investor Services were in Australia late last week to hold secret discussions with Treasury officials about the effect of the Budget and the implications for the accord.

The associate director who heads the sovereign risk unit of Moody's, Ms Jolene Larson, said she was concerned about the ability of the domestic economy and political institutions to adjust to the financial pressures caused by "the unfortunate terms of trade deterioration."

She also expressed concern about the ability of the Budget to reduce Australia's overseas debt.

Widespread rumours about the nature and timing of the credit review have adversely affected the value of the dollar and the level of interest rates.

It has even been suggested that the Federal Government pressured Moody's to delay its review.

Moody's has rejected this and other rumours about the review.

Discounting

The visit comes at a crucial time for the Government, with the meeting of delegates from 14 non-subsidising nations - the Fair Traders in Agriculture - in Cairns today.

The visit also coincides with the ACTU's efforts to develop a new negotiating position on wage discounting.

The review will not be finalised until the effects of the Budget and the implications of any new accord can be assessed.

As the ACTU response is unlikely to be finalised before mid-September or October, Moody's may be unable to determine a view on Australia's credit rating until then.

Fears that Moody's would announce a cut in Australia's credit rating from AAA to AA or less caused the dollar to fall to an early low of US60.5c last Friday before the Reserve Bank halted the slide.

However, prime interest rates, already increasing after the Budget, rose to more than 15 per cent on the basis of the rumours.

While the rumours of the visit were correct, the timing and nature of the review are largely misjudged by financial markets.

If Moody's cuts Australia's credit rating from AAA to AA or less, then the world's bankers will ask higher interest rates on new and existing loans by the Federal Government and statutory authorities such as the Commonwealth Bank and Qantas.

Moody's has already cut the credit rating of Venezuela and New Zealand - the latter from AAA to the much lower A3.

A similar downgrading for Australia, whose trade problems are as bad, if not worse, than New Zealand's, would further compound our trade and debt problems.

While the credit review only applies to long-term loans in the US and Europe, short-term debt and private sector borrowings might also be affected as overseas banks re-evaluate the overall Australian debt.

The success of the Budget in reducing public sector borrowing will be of great importance in lowering our total debt.

The latest Input bulletin by the Metal Trades Industry Association notes that the 1986-87 increase in government spending was the smallest for more than a decade, and total government borrowing as a share of GDP will fall to 4.4 percent in 1986-87, compared with 6 percent in 1985-86 and a peak of 8.15 percent in 1983-84.

Moody's officials are aware of the implications of their review, and the potential for negative financial and political effects if they downgrade Australia's rating.

The initial negative response by the financial markets when the review was announced in New York on July 10 has prompted Moody's to be even more guarded.

It is usual practice not to release any details about a review prior to a final announcement.

Ms Larson was very careful not to indicate the outcome or the timing of the review, but was quick to dispel some of the rumours floating about the financial markets.

She said the review was recommended by analysts working within Moody's and was not in response to client concern, although that had been taken into account.

Forcing

Uncertainty about the accord and the Budget outcome were the main reasons for the delay.

Moody's wants to discuss aspects of the review with the relevant authorities before it is finalised, and the visit to the Treasury last week was part of that process.

The sovereign risk unit at Moody's comprises a team of about half a dozen analysts whose verdict will have an im-

portant effect on overseas investors.

The severity of the trade problems will also be the pre-occupation of delegates at the Fair Traders in Agriculture meeting.

The importance of the meeting can be gauged by the late decision of the Prime Minister, Mr Hawke, to attend with the Minister for Trade, Mr Dawkins, and the Minister for Primary Industry, Mr Kerin.

A united approach on agricultural trade cannot be achieved by delegates at this meeting. Australian initiatives aimed at forcing a new round of multilateral trade negotiations after the next General Agreement on Tariffs and Trade (GATT) meeting in Uruguay early next

month may well be defeated.

The Cairns and GATT meetings may be crucial in combating US and European Community trade subsidies, and in turning around our trade performance in the longer term.

The response of the ACTU to the apparent hardline Government position on 2 percent wage discounting which is to be discussed at a special wages policy committee meeting this week, will also have a significant effect on the review.

If the ACTU successfully opposes further wage discounting and effectively abandons the accord, then the resulting wages breakout would adversely affect our trade and debt position.

The Federal Treasurer, Mr Keating, last week told the National Press Club in Canberra that without the accord, the unions would push wage claims "to what the market would bear."

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BURMA

MON NATIONAL LIBERATION ARMY ACTIVITIES REPORTED

Bangkok THE NATION in English 24 Aug 86 p 17

[Excerpts]

TREKKING along a muddy road flooded by a downpour, I was accompanied by a Mon guerrilla who told me that we were heading toward a jungle stronghold of the Mon minority rebels, one of several ethnic secessionist groups in Burma.

As some other armed ethnic minorities in Burma, the Mon rebels fled into the jungle almost 40 years ago to struggle against the Burmese central government. However, their Mon National Liberation Army (MNLA) with about 3,000 armed guerrillas is still a weak one compared to those of the Karen or the Kachin.

The Mon army, like other Burmese minority forces, earns its income from its border black market. The Mon-controlled black market is located along the Burmese-Thai frontier opposite the Three Pagoda Pass, the historical border point which once served as a route for the Burmese forces to attack the former Thai capital of Ayudhya centuries ago.

Bamboo huts lie along both sides of the only dirt road passing through the Three Pagoda market where the Burmese smugglers come to trade with the Thai and the ethnic Mon merchants daily.

Burmese merchants, entering the Three Pagoda market, have to pass two check-points belonging to the Karen and Mon rebels. Usually, each smuggler from the Burmese interior has to pay two baht or

Kyats at each check point. The "outlaw" tax, which is called "Gog," will be used to promote the rebels' armies.

According to the Mon black marketeers, the rainy season is always a troubled period for smuggling since heavy rain makes the border trading post almost inaccessible to the Burmese smugglers. Several jungle routes from the Burmese interior are flooded or become too muddy.

"Rain usually means a fortune to agriculturalists but it brings bad luck to us," said the black marketeer.

Elephants pulling carts or porters carrying smuggled items on their backs can be seen at the Three Pagoda market during the rainy season when bullock carts become useless.

In order to ensure the security of their marketplace, the Mon rebels have set up three defence lines to protect their border stronghold and market. However, the guerrilla forces certainly could not hold out when the Burmese government troops launched two all-out offensives in the past.

The Burmese forces attacked the Three Pagoda Pass for the first time in April 1980 when, the Mon rebel officers claimed, a hundred porters died during the fighting. The second incident occurred in May 1984 when the three-day battle resulted in the destruction of the Mon-controlled market.

Despite the two fierce battles, the site of the Three Pagoda Pass is still popular among the Thai, the ethnic Mon and the Burmese black marketeers. The market is currently a thriving and expanding border trading posts.

After the latest Burmese offensive, about a thousand Mon black marketeers and rebels rebuilt the market at the Burmese side of the pass and it has been expanding every dry season. Nowadays, several newly-constructed wooden houses belonging to the Thai smugglers can be seen on the Thai side of the Three Pagoda border point.

Though government of the two neighbouring countries are trying to turn the cross-border trade between Burma and Thailand into a legal channel of trade, smuggling through the Burmese border areas under the armed minority rebels' control is still popular. And the Three Pagoda residents are still waiting to see a boom in their black market during the next dry season.

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CSO: 4200/1417

INDONESIA

PROGRESS IN EAST TIMOR DESCRIBED

Bangkok THE NATION in English 25 Aug 86 p 5

[Article by Bill Tarrant]

[Text]

BAUCAU, East Timor — A decade after Portugal abandoned this impoverished colony to civil conflict, the guerrilla struggle for independence from Indonesia is becoming a forgotten cause for many Timorese.

Indonesian troops, who have spent the past 10 years trying to track down Fretilin guerrillas, are now more likely to be seen building roads and, while life for most Timorese is still primitive, it is improving.

Children whose bellies once swelled from starvation now show off school books and chase each other on newly-built playgrounds.

Last month the Indonesian vice-president and three Cabinet ministers visited the capital of Dili to celebrate East Timor's 10th anniversary as an Indonesian province.

"We had the biggest prty ever in Dili," Governor Mario Carrascalao told foreign journalists. "And Fretilin did nothing. There was no special security in the city. Fretilin has no meaning now."

While the cause of Fretilin, the short name for the Leftist Revolutionary Front for an independent East Timor, may have less meaning than it did, nobody denies the guerrillas still exist.

In June last year, about 20 starving Fretilin guerrillas stole from their hideouts in the hills ringing Baucau to an outlying village where they set fire to newly-harvested paddy rice and 25 houses before running off with cattle and food.

Such attacks are becoming more rare by a force which the Indonesian army claims has dwindled to about 500 men with 100 rifles who occasionally snipe at unwary patrols.

East Timor authorities have downgraded Fretilin from a recognized secessionist group and have renamed them "GPK," an acronym meaning "disturbers of the peace."

About 110 of the guerrillas live in Dili's Comarco prison.

"There's still a hard core that will likely live the rest of their lives in the jungle," Carrascalao said.

Colonel Yunus Yosfiah, 42, the new commander in East Timor, said raids on village farms and ambushes of Indonesian patrols had almost stopped this year.

"The Fretilin liked to burn houses and steal food, but then people hated them more and more," he said. "They know who is making the houses and who is burning them."

He dismissed a Fretilin claim made in Lisbon that 24 Indonesian soldiers were killed in April. But Jakarta-based diplomats say at least 30 Indonesian soldiers have been killed in ambushes so far this year.

Yosfiah said he had about 2,000 soldiers under his command, as well as several thousands in the military police and civil guard. About 1,000 of the soldiers were involved in public works projects.

"The problem now is how to bring civilization to the people, not crushing the rebellion," he said.

A steady trickle of guerrillas have surrendered — mostly mothers wanting to put their children into schools — since President Suharto granted them a general amnesty to peacefully "come down from the hills."

When Fretilin commander Mauk Moruk surrendered last year, he told reporters: "If we

continue the war, the people suffer."

Catholicism is more influential in East Timor since the province has been under the rule of Indonesia, the world's largest Muslim country, than it was under Catholic Portugal.

The number of Timorese Catholics has doubled over the last 10 years to around 500,000, about 80 per cent of East Timor's population of 620,000.

Church officials say the increase is a result of Timorese asserting an identity through the church, special attention from the Vatican, and Indonesia's requirement that everybody must choose one of five established world religions.

The Vatican, like the United Nations, still recognizes Portugal as the administering authority in the territory, and is represented by its apostolic delegate in Dili.

Walter Van Wouwe, a Belgian priest who has been working in East Timor for the past four years, said: "The church has a very big role here, and people really look to priests as examples. In that sense, it is very different from Europe where the church is off to the side."

He denied a Fretilin claim made in Europe that Indonesian soldiers had assaulted him in June, but said "unfortunate incidents do occur."

Apostolic delegate and the head of the East Timor Catholic church, Monsignor Carlos Belo, has in the past accused the Indonesian military

of summary executions, torture and mass arrests without trial.

But the Indonization of East Timor seems a fact of life. Indonesia's red-and-white flag flies from makeshift flagpoles over police stations, offices, schools and health centres.

About 126,000 of East Timor's 136,000 children are enrolled in its 500 elementary, 50 junior high and 20 high schools and adult education classes are attended by 154,000 people.

Illiteracy has dropped from 92 per cent of the population during Portuguese rule to 40 per cent and the province's first university will open in October with 400 students, Carrascalao said.

Aid workers and diplomats say living standards have improved as Indonesia has strengthened its control and tempted Fretilin people to come down from their mountain hideouts.

Soldiers and new settlers have set up "model farms" where rice, vegetables and maize are grown.

The starvation reported in the 1978-79 famine is nowhere to be seen and traditional thatched roof huts with palm frond walls are being replaced by concrete and stucco homes with tin roofs. — Reuter

/9317

CSO: 4200/1419

INDONESIA

KADIN CALLS FOR CONTINUED SENDING OF WOMEN WORKERS ABROAD

Jakarta ANTARS NEWS BULLETIN in English 21 Aug 86 pp A2, A3

[Text] Jakarta, August 20 (ANTARA)--The Indonesian Chamber of Commerce and Industry (Kadin) has called on the government not to stop the sending of women workers to Saudi Arabia because it has helped the government to solve the unemployment problem in the country.

H.M.F. Ubaidi, chairman of Kadin's Manpower Supply Department, told newsmen here Wednesday that his organization made the call in connection with the recent statement of the Indonesian ambassador to Saudi Arabia suggesting the Indonesian Government temporarily stop the sending of the women workers to the Mideast country.

According to the ambassador those who were sent to Saudi Arabia so far have no skills and are not ready to work hard in a foreign country.

Ubaidi said that actually the government had reduced the number of manpower supplier agencies from 228 to 50 in the framework of improving the quality of the Indonesian workers who will be recruited for work abroad.

Therefore, he went on, the sending of women workers had been done selectively in accordance with the existing government regulations.

He acknowledged that the government is indeed not promoting the sending of the women workers to Saudi Arabia. But those interested in the jobs have been increasing rapidly, he added.

In this connection, he continued, the departure of women workers to the Mideast country constituted a way out to overcome the unemployment problem in the country, especially in the current sluggish economic situation.

Ubaidi was convinced that all women workers who were sent to Saudi Arabia had undergone training and they were all ready to work in their new job environment.

He also expressed his gratitude to the Indonesian ambassador in Saudi Arabia who has been paying great attention to settle various cases involving the Indonesian workers although there is a regulation of the Ministry of Manpower involving Indonesian workers, which must be settled by the representative office of the Indonesian Manpower Suppliers Association (IMSA) in Saudi Arabia, the concerned workers and their employers.

INDONESIA

BRIEFS

FOREIGN INVESTMENT IN LAND RECLAMATION--The Indonesian Government invites national and foreign investors to participate in reclamation of swampy land under the domestic investment scheme (PMDN) as well as the foreign investment scheme (PMA), Minister of Public Works Suyono Sosrodarsono has stated. In Indonesia, the reclamation of swampy land constitutes part of the realisation of the lowland development program which is widely linked with the improvement of people's welfare, especially in meeting the rising demand for food supply in the forthcoming decade, according to Suyono. Suyono made the remark when he, together with visiting Dutch Minister of Transport and Public Works N. Smit Kores, opened a symposium and exhibition of low land development in Indonesia here recently. Taking place from August 26 to September 3, the seminar and exhibition are organised by the Indonesian Ministry of Public Works in cooperation with the Dutch Ministry of Communications and Public Works. The government has reclaimed and developed low land to support the transmigration program and the food program since Pelita I (first five-year development plan), he pointed out. [Text] [Jakarta BUSINESS NEWS in English 29 Aug 86 p 5] /9317

TRANSMIGRATION IN IRIAN--Jayapura, August 20 (ANTARA)--The chairman of the Commonwealth Journalists Association of Papua New Guinea, Franzalberth Yoku has said transmigration in Irian Jaya is obviously of great benefit in raising the standard of living of the local people. Due to transmigration the standard of living of the people has become better, so is regional development, so that the problem of transmigration should no longer be questioned by other countries, because the goal of this program, viz to raise the standard of living of the people, could be realized, Franzalberth Yoku said. In a statement to ANTARA after making a survey tour of the Koya Barat and Koya Timur transmigration resettlement sites in Jayapura, Tuesday, Yoku said transmigration is the solution of the problem of increasing Irian Jaya's human resources. He further said to be much impressed by the successful implementation of transmigration in this region. There is no reason to question this problem any longer, he added. As a pressman for PNG, he said he will publish Indonesia's success in the implementation of its transmigration program, in particular in Irian Jaya, to his readers and in the same time to open the eyes of the readers in Australia and in other countries. Foreign press reports have so far only given a negative evaluation of transmigration in Irian Jaya, including PNG's own national press, Yoku said. It was because the PNG press received these reports through other sources, mainly Australia, he said. [Text] [Jakarta ANTARA NEWS BULLETIN in English 20 Aug 86 p A4] /9317

LNG TALKS WITH ROK--Jakarta, August 22 (ANTARA)--Director General of Oil and Natural Gas Soedarno Martosewoyo said Friday that the talks between Indonesia and South Korea on the selling of liquified natural gas (LNG) will be resumed in September. The remarks were made by Soedarno Martosewoyo after the signing of a technical assistance from the Belgian government to the state-owned gas company, Perum Gas Negara, here Friday. The director general denied reports from Seoul that the two countries had failed to reach an agreement on LNG selling. He was convinced that South Korea and Indonesia would reach an LNG agreement this very year. AFP in Seoul quoted a South Korean official as saying that the failure of the negotiation between the two countries was due to difference of opinions on the LNG selling price. Soedarno contended that the negotiation did not fail because it was not yet concluded and expressed his optimism that it would have been reached before the end of this year. The Belgian assistance was signed by Director General of Oil and Natural Gas Soedarno Martosewoyo and Belgian charge d'affaire in Jakarta Thomas Boekelandt. The technical assistance was in the form of four Belgian engineers to be assigned for ten months in Indonesia to conduct studies on the kinds of gas suitable for the development of industries and housings in Bandung. Perum Gas Negara is operating in eight cities exploiting two kinds of gas, namely natural gas and artificial gas which is processed with oil as raw materials. [Text] [Jakarta ANTARA NEWS BULLETIN in English 23 Aug 86 p A2] /9317

EAST TIMOR UNIVERSITY--Dili, August 21 (ANTARA)--The East Timor University next August 30 will start its activities in the 1986/87 year with nine programs of study in four faculties. Chief organizer of the university's opening ceremony J. Soewardijo told ANTARA here Wednesday a total of 881 students have been enrolled followed by administrative selection recently. However, he added, the number of students passing the selection is not known yet. Soewardijo who is also the head of East Timor Education and Culture Office further said the university now has 500 seats in 19 classrooms. The first higher learning institute in Indonesia's youngest province has been equipped with a biological and a language laboratories. The East Timor University is managed by the Loro Sae Foundation with teaching staffers who include nine senior lecturers from Udayana State University, Denpasar, said Soewardijo. [Text] [Jakarta ANTARA NEWS BULLETIN in English 21 Aug 86 p A4] /9317

COPRA OUTPUT DROPS--Palu, Aug 26 (ANTARA)--The production of copra in Central Sulawesi decreased during the past five years, Eng Daeng Maloto, head of the provincial plantation service stated here Monday. The province produced a total of 191,000 tons of copra in 1981, but the output dropped to 150,000 tons in 1985. The decrease was due to the old age of coconut palm trees (about 50 to 60 percent) and another 28 percent of the trees have not yet yielded fruits. The province's average production of copra is 1.5 tons/ha per year. In line with the rejuvenation of the palm trees, the plantation services have planted hybrid coconut palm trees in an area covering 3,500 hectares in four regencies, while palm trees planted under the old ones have covered 100 hectares plot of land. The government provides funds for the rejuvenation of coconut palm plantation covering only 15,000 hectares and the funds are given in several fiscal years. The local farmers still

need funds to rejuvenate more trees. Of the province's 270,000 farmers, 60 percent are coconut palm farmers. [Text] [Jakarta ANTARA NEWS BULLETIN in English 26 Aug 86 p A1] /9317

AIRCRAFT JOINT PRODUCTION WITH JAPAN--Tokyo, August 28 (ANTARA)--A Japanese delegation consisting of government officials and private businessmen is scheduled to visit Indonesia next September for further discussion on the materialization of a proposed joint project for the production of amphibious aircraft. Talks on the joint project have been going on since three years ago and the Japanese amphibious aircraft maker, Shin Meiwa Industry Co, is now considering the possibilities of establishing a joint venture with Indonesia's Nusantara Aircraft Industry (IPTN) in Bandung, informed sources told ANTARA here Wednesday. They said that the state minister for research and technology concurrently president director of IPTN, B.J. Habibie, had launched the idea for the joint project three years ago. In response to the idea a group of Japanese companies and the Japan International Cooperation Agency (JICA) had sent delegations to Indonesia in 1984 and 1985 for talks with authorities concerned, they added. The coming delegation will be headed by a JICA official. [Text] [Jakarta ANTARA NEWS BULLETIN in English 28 Aug 86 p A1] /9317

FOREST FIRE PREVENTION--Ujungpandang, August 28 (ANTARA)--Fire burnt 11,565.15 hectares of forest in South Sulawesi during the 1980-1985 period, an official of the regional forestry service disclosed Wednesday. He said carelessness and nomadic farming system of the regional people had been the cause for most of the forest fire. Supardi said 3.33 million hectares of the 3.6 million hectares of forest in the region are prone to fire hazards. In an effort to prevent forest fires the regional forestry service has carried out counseling programs to tell the people the importance of forest for human life. From the first Five-Year Development Plan through the fourth his office had declared 3,742.48 km of the existing 15,492-km forest line of the region protected. He said protection had been put mostly on the fire-prone areas such as the production and preserved forests. [Text] [Jakarta ANTARA NEWS BULLETIN in English 28 Aug 86 p A2] /9317

CSO: 4200/1418

LAOS

FIRM REMITS U.S. DOLLARS TO TREASURY

Vientiane VIENTIANE MAI in Lao 23 Jul 86 pp 1, 4

[Text] On 19 July 1986 the International Construction and Transport Company under the communications, transportation, posts, and construction section of Vientiane Capital handed over a check in the amount of \$6,500 to the financial section in Vientiane Capital to be put in the treasury as its obligation for the first 6 months of 1986.

On this occasion the financial section committee of Vientiane Capital told VIENTIANE MAI that "the International Construction and Transport Company is the first company that carried out its obligation in foreign currency in the first 6 months of 1986; it has carried out 47.61 percent of the yearly budget as compared with the figures for the year's plan."

It has already been known that the International Construction and Transport Company has been officially permitted to operate its business as an enterprise since February 1986. At the end of 1985 it was a production company under the company which honored Vientiane Capital by experimenting as an enterprise. In that year it was able to give \$3,500 to the treasury in carrying out its obligation. Up to this time, it has handed over \$10,000 to the treasury.

9884/9190
CSO: 4206/137

LAOS

LOUANG NAMTHA BORDER CONTROL, PRC SUBVERSION VIEWED

Vientiane PASASON in Lao 21 May 86 p 2

[Article by K Khoummousai: "Four Comrades Who Are Responsible for a Checkpoint"]

[Text] "If necessary the four of us can attack the enemy in case of an emergency" was the first sentence I heard at a border outpost for Louang Namtha Province in the northern part of our country. The clear and firm words of these four comrades have given me a lot of confidence.

The border of the northernmost part of our country adjoins China for hundreds of kilometers, and in fact the Chinese leaders are now trying to use many different schemes all the time to destroy our country politically and economically. They always have soldiers at the border. Although the Beijing reactionaries have not openly spoken against the LPDR, from observing their true nature and many of their actions along the border we can clearly say that the Beijing expansionists unceasingly hope to place our country in their orbit of expansionism. The best example is that for many years the Chinese reactionaries have been training Lao reactionary exiles to propagandize and slander the new regime and have been inciting the people along the Chinese border.

Considering the above, although the border defense group in Sing District, Louang Namtha Province, has few personnel, their spirit of fighting for their country and the Lao working people is lofty and filled with the spirit of true and glorious revolution. The four comrades were assigned by the higher levels to be stationed at this checkpoint. It is a great honor and they are all proud to shoulder their duty entrusted by the party and the people.

During the friendly conversation I had with the four combatants, I asked them what they would do if the enemy were insane enough to risk attacking them, since they were only four. They replied that they would rely on their heritage of a fighting spirit, which means to be brave in fighting for victory and in fighting against many enemies with a few defenders, using explosives and bullets. If such a case occurred they would be able to fight against the enemy forces.

They read newspapers regularly in order to deepen their political knowledge of the party. Thus, in the past years this border defense group has been able to collect information on the movements of the enemy fairly well. Every day they arrange among themselves the duty of thoroughly inspecting the travel papers of the people moving between the two countries. In addition to the border security work, they have also gotten to know and love the people around them. This is very good for helping people to trust and support them. In the past years they have gained the sympathy of the people; the people have become their eyes and ear and have joined them in keeping this area secure. All the people here live at peace.

9884/13104

CSO: 4206/134

LAOS

HOUA PHAN GUERRILLAS WIPE OUT ENEMIES IN 1985-86

Vientiane PASASON in Lao 30 May 86 pp 2, 3

[Article by K Khounmousai: "The Houa Phan Province Guerrilla Units in 1985-86"]

[Excerpts] The period 1985 to early 1986 was one in which Houa Phan Province held operations to wipe out nests of remnant bandits. Therefore, the guerrilla units and the self-defense units throughout the province have all volunteered to join the battlefield in order to wipe out the bandits completely.

During April 1985 there were hundreds of comrades in the Viengsai and Xieng Kho District guerrilla units, the first guerrilla units which volunteered to go to the front line in order to wipe out the bandits. The commanding cadres and the combatants and guerrillas left their families with no concern for any problem or obstacle. They believe that the administrative committees, coop members, and other people will look after their families if the worst were to happen.

When they arrived at the battlefield they were divided up and assigned to duty in each company, platoon, and guerrilla group based explicitly on the work and the orders of the higher echelons, for example, the food supply company, the transport company, the company that is ready for combat, the company that moves directly against the enemy, etc. After being given clear assignments by their commanders, they successfully carried out their duties.

By continuing to promote and strengthen the heritage of the war of national liberation, the commanding cadres, combatants, and guerrillas struggled with carrying and transporting. They struggled to work shoulder to shoulder with the regular forces in following up and bravely eliminating the remnant bandits. Sometimes they had to sleep on the ground and eat dried rice and climbed mountains and cliffs. They had to do without water and food. However, with the spirit of complete ownership of their nation and of the new regime, they have never yielded to any obstacle. They are willing to sacrifice everything. They have to be away from their families and hometowns for many months in order to carry out their duty, but they are happy and proud to be trusted by the party and the people.

LAOS

COLUMNIST STRESSES VOLUNTARY MEMBERSHIP IN COOPERATIVES

Vientiane VIENTIANE MAI in Lao 18, 19 Jul 86

['Conversation with the Editor's Column: "What Can We Do To Make Farmers Join Agricultural Coops?"]

[18 Jul 86 p 2]

[Excerpts] [Question] 1. After our national liberation, can't we transfer the scattered, private-production farmers to the state agricultural settlements?

2. After educational means have failed, what is the proper way to make a farmer who is not willing to join an agricultural coop, without using force or threats. From Saisam Tontai, Propaganda Department, Ministry of Justice.

[Answer] Dear Saisam Tontai. We would like to discuss your question briefly, as follows. In the plenum of the Party Central Committee, particularly the plenum of the Third Congress, it states that "guidance in turning to an agricultural coop must be carried out correctly according to the principles, for example, of voluntarism, mutual interest, and democratic management.

[19 Jul 86 p 2]

[Excerpt] We must have a firm voluntary principle in order to be able to look for ways to carry out correctly the other two principles of mutual interest and democratic management.

In order to have farmers change to collective production, and particularly to agricultural coops, we must do things correctly in accordance with the guiding direction, determination, and firm steps that are small at first and then become longer, going from the easy to the difficult, "with absolutely no force regardless of the circumstances." The content here clearly states that to make private farmers turn to collective production by either the transfer of ownership or in any which involves force is not consistent with the policy of our party and government. The only way we can have them make a living in the socialist collective style is to have them awaken and volunteer to join.

The most effective way for propaganda or mobilization to attract the small producers to collective production is by using "the truth." The most effective lessons concerning truth are those carried out by fraternal socialist countries and our own country.

9884/9190

CSO: 4206/137

LAOS

COLUMN DISCUSSES RATION COUPON TRANSFERABILITY

Vientiane VIENTIANE MAI in Lao 21 Jul 86 pp 2,44

[Excerpts] [Question] Are we allowed to buy the development lottery with ration coupons? Suppose that I do not like any of the ration goods that are distributed by the government employees' store in my school by ration coupons, but instead I like the goods in the government employees' stores in other sections of the district, such as the government employees' stores that serve many sections of various organizations (the stores located approximately 50 meters north of the publishing headquarters for VIENTIANE MAI). There are things that in that store I want to buy; they have been there many months, and whenever I am there no one has bought them. I have considered using my ration coupon funds to buy the goods in that government employees' store. Is this possible? Please explain in detail. From Bouchan M. S. D.

[Answer] You are allowed to buy anything with the ration coupon funds because of its value as money to pay off debts according to the law; however, you should contact the responsible authorities in that place first to make it easy to pay, which has been difficult in the past. If you have any problem you should ask your own financial section to act as your representative to contact other stores in order to ask permission to buy the things you want. Thank you and goodbye.

9884/9190

CSO: 4206/137

LAOS

STATE STORE GOODS, PROFITS DISCUSSED

Vientiane PASASON in Lao 23 Jul 86 p 2

[Article by S Loukveunsai: "New Efforts of Store No 4"]

[Excerpt] Store No 4 of the Import, Export and Goods Distribution Company of Vientiane Capital is a store with determination. It is one of eight stores in the company that sells retail because the company aims to circulate goods quickly and to serve the public throughout.

This store takes in approximately 500 types of goods for distribution and exchange, most of them coming from socialist countries. A breakdown shows that 60 percent of the total is from socialist countries and 30 percent consists of domestic goods.

The domestic goods are mostly fabrics, tobacco, soap, and agricultural items.

Over the first 6 months this store was able to earn over 79 million kip. It did not do so well previously because the system of working hours was not regulated and people were paid the same amount for different amounts of work.

Comrade Bounsouai Sisa-at, the chief of Store No 4, told us that it used to be under Chanthaboury District, before being transferred to where it is now in the Import, Export and Goods Distribution Company of Vientiane Capital. It consists of 9 rooms and 18 sales cadres.

The role of profits is used in organizing, managing, and carrying out the work, but the important thing is to serve the public in a timely fashion. Those it serves are the people of ethnic groups, cadres, government employees, and foreign customers. They also give special attention to buyers outside store hours.

9884/9190
CSO: 4206/137

LAOS

EDITORIAL: DEFORESTATION PROBLEM CONTINUES

Vientiane PASASON in Lao 17 May 86 pp 1, 4

['Editorial' column: "Afforestation Mobilization To Be Extensive"]

[Excerpts] Afforestation in our country has become an active yearly custom, each year increasing the tree-growing area in our country. For example, we were able to grow nearly 8 million assorted seedlings and planted them on over 1,600 hectares. We have decreased tens of thousands of hectares of slash-and-burn cultivation area and have surveyed 5.6 million hectares of forest. This is the primary step in implementing the plenum of the party and the government concerning afforestation.

However, this situation is still not satisfactory for us because, although we have limited forest slashing and burning each year, the amount of forest area in our country has gone down critically. For example, over the past 10 years over 4 million hectares of forest have been destroyed by slash-and-burn methods. This has decreased the statistics for forests nationwide from 15.4 million hectares to only 11 million hectares. Many places that were once dense forests have become bare mountains. This has had a great effect on the weather and the environment, where streams dry up and then flood in the rainy season, for example, in Oudomsai Province and in parts of Louang Prapang, Houa Phan, and Phong Saly provinces.

We must pay attention to forest conservation by decreasing the amount of slashing-and-burning, by preventing forest fires, and preventing people from destroying the forest as they please. An important thing for us to give our attention to from now on is to carry out afforestation in order to replace the forests destroyed each year.

9884/13104
CSO: 4206/134

LAOS

BRIEFS

VIENTIANE RICE PURCHASES, TAXES—In the first 6 months of 1986 the Vientiane Province Food Company exchanged and purchased over 15,000 tons of rice from farmers. Along with exchanges of rice and sales to the government, the farmers in nine districts also fulfilled their obligation by paying over 2,000 tons of rice to the government as agricultural taxes. This amount of rice has now been put into storage in each district warehouse and in the province storehouse. [Text] [Vientiane PASASON in Lao 23 Jul 86 p 1] 9884/9190

ELECTRICITY PRODUCTION, EXPORTS—In the first 6 months of 1986 the cadres and workers of the Lao Electrification Company were able to achieve the following outcome. They produced 359,119,700 kwh of electricity in the Nam Ngum hydropower plant, this amount being 10 percent over the expected plan. They distributed 342,042,452 kwh of electricity to the public, which is 11 percent over the plan. This amount included 270,254,200 kwh which was exported and 71,788,252 kwh which was distributed within the country. [Excerpts] [Vientiane VIENTIANE MAI in Lao 22 Jul 86 p 1] 9884/9190

CHAMPASSAK BANK DEPOSITS—Savings deposits in Champassak Province are now being expanded, and there is broad interest among the people. In the first 6 months of this year the people in the province deposited a total of over 30 million kip, which they had saved from selling their production, in the state bank in each locality. This amount of money is 18.02 percent over the plan for the first 6 months and includes over 7 million kip from Pakse District, over 4,596,000 kip from Phon Thong, 22,234,000 kip from Pak Song, 11,128,000 kip from Pathoumphon, over 1 million kip from Bachiang, and 957,500 kip from Sanasomboun District. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 23 Jul 86 pp A5, 6] 9884/9190

CHAMPASSAK MEDICS SUPPORT PRK HOSPITAL—The Lao medical unit which is carrying out its duty of proletarian internationalism in Stung Treng Province of the PRK has increased its cooperation with Cambodian doctors in order to upgrade the medical field and also to treat carefully and take care of the people's health with a high sense of responsibility. July of this year is the last month in which the fifth group of the Lao medical unit will carry out its duty in helping the Cambodian people in Stung Treng Province. According to the cooperation agreement between the public health ministries of Laos and Cambodia, each medical unit was to work for

1 year. Now in the 1980's public health cooperation between the two countries has been expanded from the center down to the grass roots. Champassak Province of Laos has helped to construct a hospital for its Cambodian twin province, Stung Treng. These countries also assist each other in terms of medical equipment and medicine and in arranging for delegations to visit and learn from each other on a continuing basis. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 21 Jul 86 p A2] 9884/9190

VIENTIANE PROVINCE RICE SALES, TARGETS—The farmers in Vientiane Province have now sold and bartered over 10,740 tons of rice with the government for goods, including over 7,000 tons of rice that were exchanged for goods and over 1,600 tons of rice with which they paid agricultural taxes. The people in Vientiane Province are continuing their mobilization for 27,900 tons of rice sales to the government as planned, including 25,982 tons of rice by purchase and exchange. [Excerpts] [Vientiane PASASON in Lao 20 May 86 p 1] 9884/13104

VIENTIANE PROVINCE BANKS LOANS—The Vientiane Province branch of the State Bank is now giving out loans to agricultural coops in different localities in the province for the purpose of production. The bank approves each agricultural coop for borrowing money with short-term and long-term payments. In the first 3 months of 1986 the coops received a total of over 8.3 million kip in loans from the bank. Since 1983 the bank has given over 24.3 million kip in loans to various production bases. At the same time, the bank has also mobilized the cadres, workers, police, soldiers, and people throughout Vientiane to deposit their savings in the bank. In the past 3 months the people have deposited 1.3 million kip in the bank. [Text] [Vientiane PASASON in Lao 21 May 86 p 1] 9884/13104

XIENG KHOUANG MONG RESETTLEMENT—Over the past 2 months over 700 Mong in Xieng Khouang Province have left their highland cultivation to engage in rice growing on the flatland. These Mong had previously been scattered in the mountainous areas, and they all came to settle resolutely in Ban Kangsi, Thounghai Canton, Pek District, Xieng Khouang Province. In the beginning they were aided by the local administrative committee for constructing their new lives, being given such things as rice, clothing, and production equipment, as well as items to improve the public health. The local administrative committees also helped them by clearing 80 out of 120 hectares of the cultivation area. They will also help by constructing an irrigation system and they will also supply rice seedlings. Besides assistance in production work, the province will also build schools and provide them with an education. [Excerpt] [Vientiane PASASON in Lao 21 May 86 p 1] 9884/13104

CSO: 4206/134

NEW ZEALAND

FARMING DOWNTURN RULES OUT TRADE STAND IN PRC

Auckland THE NEW ZEALAND HERALD in English 16 Aug 86 p 12

[Text]

New Zealand has for the second time this year had an ambitious overseas trade promotion torpedoed by the rural downturn at home.

Bad times on the farm have been blamed for a cancellation of New Zealand involvement in a big agricultural fair in China — one of this country's most crucial trade partners.

Earlier this year the Department of Trade and Industry had to scale down its sponsorship in an agricultural equipment fair in Saudi Arabia when all but four of 16 companies withdrew their interest.

Many of them blamed the economic plight of the domestic rural sector, saying it was giving them insufficient returns to risk money in a new marketplace.

The department has now cancelled outright its sponsorship in the 1986 Ag-China trade show in Canton in November after a similar collapse of interest blamed on the same reason.

Big Hopes

The move is a bitter disappointment for one of the four or five firms that remained committed to the fair, Waterwide Developments (NZ) Ltd, of Napier.

The managing director of Waterwide, Mr Paul Williams, said the company had had big hopes of building on the success achieved at its showing at the same fair last year when about a dozen New Zealand exporters took part.

Mr Williams, whose firm exports 90 per cent of the solid fuel burners it makes, said China was a massive potential market that needed careful nurturing.

Though he approved in general of the user-pays thrust of the Government policy, he believed exporters needed special help in opening new markets which would ultimately benefit the whole country.

The danger of making exporters pay for access to overseas trade posts, for example, was that there would be a tendency for them to stick to the safer and more traditional markets.

Govt Support

Mr Williams said China seemed to have a soft spot for New Zealand enjoyed

by few other countries and that it would be foolish to let opportunities there slip.

Exporters had to have their Government's support to exhibit at the Canton agricultural fair otherwise his company would attend in its own right.

A Department of Trade and Industry spokesman, Mr John Bedkoher, said the department was as disappointed as Waterwide at having to pull out of the Canton fair.

It had budgeted over \$100,000 for the project after about a dozen companies said they would take part.

But when the time came to pay their \$800 deposits, many changed their minds and, though the department could have tolerated some withdrawals, the residue of only four or five companies was too small to justify the project.

Mr Bedkoher, who is the trade services executive officer for North Asia, said

the contraction of domestic business for the agricultural supply industry was evidently cutting hard into companies' export promotion budgets.

Eighth Place

But the department continued to regard China as an immensely important long-term market and would not dilute its efforts in that direction in the future, he said, although the user-pays principle would inevitably change some of the rules.

China slipped from being New Zealand's sixth biggest overseas market to eighth place in the trade year to June 30 with provisional trade figures showing purchases slumping to \$229 million compared with \$297 million the year before.

But most of New Zealand's trade partners bought less during the year and the trade with China suffered especially from a temporary foreign exchange squeeze in that country after a spending spree got out of hand.

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CSO: 4200/1432

NEW ZEALAND

FINANCE MINISTER DEFENDS NEW CREDIT RATING

Wellington THE EVENING POST in English 16 Aug 86 p 1

[Article by Michael Hannah]

[Text]

New Zealand is unlikely to find interest rates on overseas loans affected by the new AA3 credit rating from New York credit agency Moody's Investors Services.

And the A4 cent drop against the Australian dollar yesterday appears to have had more to do with an unexpected strengthening of the Aussie dollar against the US dollar, than with the modification of New Zealand's rating.

According to the Minister of Finance, Mr Douglas, the new credit rating is no change at all, but simply reflects a new system adopted by Moody's, bringing it into line with our other major credit rating agency, Standard and Poors.

New Zealand has had an AA-plus rating from Standard and Poors since a downgrading from AAA in April 1983. Moody's downgraded New Zealand's rating from AAA to AA in October 1984.

A credit rating determines the interest rates and terms of loans — in this case, overseas loans raised by the New Zealand Government.

New Zealand's rating has been downgraded in the past as its economic performance slipped.

The latest move by Moody's arises from a new rating system the agency has adopted, introducing more steps into its broad AAA, AA and A ratings.

In the process of revision, Moody's has given the Government bouquets for its economic reforms, but brickbats for the level of external debt and the weakening in agricultural export returns.

Moody's said in a statement the rating took into account New Zealand's continuing political stability, good economic growth prospects and improving debt picture.

It said the Government was implementing reform measures which were liberalising the financial system, deregulating the economy and reducing rigidities in the labour market.

But New Zealand's heavily agricultural exports were vulnerable to long-term price weaknesses. In addition, import barriers in key markets subjected it to the threat of export volume limitations.

"Moody's considers New Zealand's total external debt and debt service costs to be relatively high, but is encouraged by their downward trend."

"The announcement should have no effect on the terms on which New Zealand can borrow in overseas capital markets."

Mr Douglas said Moody's had pointed to New Zealand's good economic growth prospect and improving debt picture.

"It is clear that the policies of the previous Government, which led to our relatively high levels of external debt, are responsible for the rating we currently have."

"While the agency is positive about our economic policies, they clearly recognise that it is going to take some time for them to feed through and to bring about positive results."

As far as the exchange rate is concerned, the Kiwi dollar is more likely to be affected by Australia's credit rating, expected anytime now from Moody's.

Australia's recent poor economic performance — with rising unemployment and inflation, and a worsening balance of payments deficit — is widely expected to result in a downgrading of Australia's credit rating.

Should Australia's credit rating drop, then the Kiwi dollar could be expected to firm against the Aussie dollar.

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CSO: 4200/1432

NEW ZEALAND

WORKS MINISTRY TO BE SPLIT INTO POLICY, BUSINESS

Auckland THE NEW ZEALAND HERALD in English 1 Sep 86 p 3

[Text]

The Minister of Works and Development, Mr Colman, said yesterday that the ministry would be divided into a trading enterprise, which would be expected to make a profit, and a separate unit with "policy and statutory functions."

He said there should not be any redundancies as a result of the reorganisation.

The ministry, which has a staff of about 6000, has already been told to save \$18 million this financial year as part of the Government's spending "cuts."

These will be achieved largely through charging more for its services.

But Mr Colman has placed a moratorium on attempts by the ministry to earn this money by competing with private contractors for work outside the Government sector.

He said work on reforming the ministry's present four divisions into separate commercial and policy

bodies should be completed within the next few months.

The policy agency would probably include town and country planning, water and soil conservation, building controls and other advisory and regulatory functions.

The two bodies would remain under the overall wing of the existing ministry.

However, the Minister for the Environment, Mr Goff, told the Labour Party conference on Saturday that it would be more effective to move the town planning role of the ministry into the proposed new Ministry for the Environment.

Only Interim

The cabinet decided late last year that town planning administration should remain with the Ministry of Works and Development, although the Environment Ministry would monitor environmental aspects of both

town planning and water and soil work.

Mr Colman said yesterday, however, that this was only an interim decision. The cabinet was now considering a final resolution of the matter.

Conservationists have argued for many years that town planning should be brought under the wing of an environment ministry.

Double Staff

But a delegate at the Labour Party conference, who is convener of Public Service Association delegates at the Ministry of Works head office, Mr Warwick Taylor, told the conference that many people in the ministry feared they would lose their jobs if town planning was moved.

Mr Goff replied that the creation of the new ministry would require roughly doubling the present staff of 50 in the Commission for the Environment.

"If the 40 people in the

town planning policy division come across, I can use every one of those people and more besides," he said.

But, afterwards, Mr Taylor was unconvinced.

"I will not be satisfied until I get a written assurance," he said.

Mr Taylor opposed splitting the Ministry of Works and Development because it was the first step towards "corporatising" the trading arm of the ministry.

He also feared that the ministry would lose work when other departments were allowed to go to the private sector after October.

The ministry should be allowed to compete for work in a private sector from a position of protection."

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CSO: 4200/1438

NEW ZEALAND

EFFECTS OF COMMERCIALIZING STATE AGENCIES TO BE STUDIED

Auckland THE NEW ZEALAND HERALD in English 1 Sep 86 p 3

[Text] The cabinet will be asked tomorrow to approve a \$500,000 study into the social effects of transforming five state agencies into commercially run corporations.

The five agencies—the Post Office, Forest Service, Lands and Survey Departments, electricity division and State Coal—are all due to become corporations from next April 1.

Opponents of the change, including the MP for Sydenham, Mr Jim Anderton, have argued for several months that it should not be allowed to go ahead without a "social impact report."

The Labour Party council voted in May to ask the Government to commission one.

Government Pledge

News that the Government had finally agreed came when several hundred forestry workers from the central North Island occupied the public gallery of the Michael Fowler Centre in Wellington where the Labour Party conference was being held.

The Prime Minister, Mr Lange, asked them not to fight the change proposed for the Forest Service, but pledged that the Government would undertake a social impact study on the corporation plan.

The Minister of State Services, Mr Rodger, said yesterday that the study would probably be done by officials from the Ministry of Works and Development, the departments of Scientific and Industrial Research, Labour, Social Welfare and Maori Affairs, the Treasury and others.

It would investigate the impact of the changes on the workforce of each of

the five agencies, on their clients, and on the communities where their workers lived.

Economic Cost

It would also estimate the social and economic cost of the "redeployment" of people which could result.

The study will have to be finished in time for the April 1 start for the new corporations.

Meanwhile, Mr Rodger

said the Government and state unions were now only days away from an agreement on early retirement, non-replacement of vacancies, voluntary redundancy, retraining and redeployment of the affected staff.

Redundancies are likely, particularly in the Forest Service, where a service traditionally based on social goals such as job creation will be required to cut costs and make a profit.

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CSO: 4200/1438

NEW ZEALAND

REPORTAGE ON LABOR PARTY CONFERENCE ACTIVITIES

Party Election Boosts Women, Leftists

Auckland THE NEW ZEALAND HERALD in English 1 Sep 86 p 4

[Text]

The new Labour Party council will be more left-wing and contain more women after elections at the party conference during the weekend.

One of the Government's strongest critics on economic policy, the president of the Wellington Trades Council, Mr Pat Kelly, was elected as an industrial representative on the council.

A prominent Tauranga feminist, psychologist and author on women's health issues, Sarah Calvert, and a tutor in women's studies at Massey University, Liz Gordon, were elected as the two women's representatives.

Displaced

The two previous women's representatives, Maryan Street, an Auckland unionist, and Ruth Dyson, a West Coast unionist now working at the Beehive for the Minister of Employment, Mr Burke, were both promoted to the 12-member executive.

A former television interviewer, Mr Simon Walker, who supports Government economic policy, lost his seat on the executive, and Mr John Hercus, husband of the Minister of Social Welfare, Mrs Ann Hercus, did not stand again.

The former Maori and youth representatives, Mr Henry de Thierry and Samantha Matheson, were both displaced by more radical newcomers, Mr Dover Samuels, of Matariki Bay, and Lalla Harre, of Auckland's Princes St branch of the party.

The top ranks of the party were unchanged. The president, Margaret Wilson, was re-elected unopposed, as was her senior vice-pres-

ident, Mr Stewart McCaffrey, after all three of his challengers withdrew.

The junior vice-president, Mr Garth Lomax, who voted for a higher company tax rate in the key card vote of the conference, was re-elected with 639 votes, against 316 for Mr Walker and 103 for Mrs Louise Crawley.

Topped Poll

Also re-elected were a second industrial representative, Mr Rick Barker, the Polynesian representative, Mrs Tala Cleverley, and executive members Mr Fred Anderson and Helen Clark, who topped the poll.

There was only one exception to what was a sweeping left-wing victory and that was the re-election to the executive of Mr Rob Campbell, who recently resigned from the executive of the Federation of Labour.

Mr Campbell, who has drawn bitter criticism from the Left after he accepted Government plans to sell shares in the Bank of New Zealand, apparently threw support from left and right-wing groups to poll third

after Helen Clark and Mr Anderson.

Delighted

However, even if Mr Campbell aligns himself with the three parliamentary members of the executive, led by the Prime Minister, Mr Lange, they will need the support of the president and vice-president to outvote the solid left-wing group now on the executive.

After the vote, Margaret Wilson said that she was delighted to have Mr Kelly on the council, where he will "have to be responsible."

She agreed that the Left always did better in the election of officers than on policy, because the elections were conducted by a card vote.

Unions normally hold about one-third of the cards, even though they make up a much smaller proportion of delegates actually attending the conference.

But she said that it was not only the Left, but also women, who had been well organised for the ballot.

ANZUS Withdrawal Resolution

Auckland THE NEW ZEALAND HERALD in English 1 Sep 86 p 3

[Text]

The Labour Party conference yesterday called for New Zealand's withdrawal from the Anzus alliance, despite an appeal by the Minister of Defence, Mr O'Flynn.

The resolution, echoing similar remits passed at previous party conferences, was adopted with overwhelming support during a foreign affairs and defence debate.

The conference also voted for a defence policy based on positive neutrality and the withdrawal from all military alliances with nations possessing nuclear weapons.

The resolutions, if adopted by the Government, would mean New Zealand's withdrawal from the Five Power Agreement with Britain, Australia, Singapore and Malaysia, as well as from Anzus.

The conference also called for an end to intelligence-gathering obligations under the so-called UKUSA agreement and the withdrawal of the New Zealand battalion in Singapore.

However, the delegates rejected a remit calling for the dismantling of the United States "military operation" at Harewood Airport in Christchurch.

Opening the defence debate, Mr O'Flynn said it had been the Government's policy from the outset to hold fast to its anti-nuclear policy and that "there is no chance whatever of this Government wavering from that stand."

But Mr O'Flynn reminded the conference of Government arguments that its anti-nuclear policy was compatible with Anzus and repeated declarations that it would not pull out of the alliance.

"That must continue to be the Government's policy," he said. "The reason why the treaty is inoperative, as far as we are concerned, is that America's actions amount to a breach of it."

However, Mr Tony Allen, of Wellington, spoke for most delegates when he declared withdrawal was the only honest policy open to a party committed to peace.

"Let us be honest and take the true and correct position and demand withdrawal now," he said.

Work Brigade To Nicaragua

Auckland THE NEW ZEALAND HERALD in English 1 Sep 86 p 3

[Text]

A Labour Party "work brigade" will go to Nicaragua in December to help to bring in the coffee harvest for the Sandinista revolutionary Government.

About 25 people at the Labour Party conference in Wellington have already signed up for what is being described as the modern equivalent of the "international brigade" which fought for the republican side in the Spanish Civil War in the 1930s.

Although the New Zealand brigade would not be fighting, an organiser, Mr Matt Robson, said there was "an element of risk."

"It is not a picnic," he said.

"At one stage, the Contras [fighting against the Sandinistas] left the international people alone. But they have just taken some West Germans as hostages, so something has changed.

"But, at the same time, the Nicaraguan Government gives protection to people who come and do this."

Mr Robson said an Australian brigade was already in Nicaragua, and the idea of a New Zealand brigade had come from the Labour Party president, Margaret Wilson, and the MP for Mt Albert, Helen Clark, when they visited the country recently.

Meanwhile, a Labour Party "Save Nicaragua" campaign, with a target of \$100,000, was officially wound up at the conference with "close to \$30,000" raised, although some fundraising would continue.

The rector of the main university in Nicaragua, Father Cesar Jerez, addressed the conference.

Douglas-Anderton Economic Debate

Auckland THE NEW ZEALAND HERALD in English 1 Sep 86 p 5

[Text]

In 1954, two youngsters named Roger Douglas and Jim Anderton went to Wellington together to play for Auckland primary schools in a cricket match.

This weekend they were in Wellington again.

But, this time, they were leading opposing teams and the bitterness of mutual recrimination infected the economic debate at the Labour Party conference.

Roger Douglas, now Minister of Finance, was the first to show his feelings.

In his opening speech in the debate, he departed from his prepared text to criticise an unnamed Christchurch MP.

His text was conciliatory.

He spoke of a party which believed in "co-operation," "more jobs" and "a fairer sharing of improved prosperity" — the very slogans of the "broad Left" which Mr Anderton now leads.

But, said Mr Douglas, the regulatory means used to achieve those objectives in the 1930s were now outdated.

In fact, controls on prices, wages, interest rates and the exchange rate had hurt "our own Labour people" most, because they were always at the end of the queue for permits and dispensations.

The Government had decided to achieve higher standards of living for everyone by removing the controls, allowing more competition and so forcing businesses to be more efficient.

"Resources are moving out of the low and no-

growth industries into new areas with a more dynamic and prosperous future," Mr Douglas told party delegates.

"You may not realise it, but in the nine months to June 2800 new business establishments were set up in New Zealand. Not one of them existed before October last year.

"We saw Christchurch headlines a week ago about 248 jobs lost," he said, referring to the closure of a UEB woollen mill.

And, leaving his text, he added: "I saw a Christchurch MP on television talking about it."

Returning to his script, Mr Douglas said that although Christchurch had lost 1200 jobs in the past two to three years, it had gained 12,000 new ones.

"Maybe some energetic Christchurch MP can get us better headlines for that in future."

But an indignant Mr Anderton, MP for the Christchurch seat of Sydenham, replied that if Mr Douglas wanted to refer to his speech to the UEB workers, he should have named him.

"I was the only Christchurch MP able or willing to front the UEB workers at the plant," Mr Anderton said.

"The Minister of Finance was invited. He might not have been able to go, but if he had gone he would have been on television instead of me."

Mr Anderton told the conference that no amount of rhetoric would hide the fact that registered unemployment in New Zealand had increased by 15,000 in the past year and by 5000

in July alone.

"It gives me no great joy to find myself in opposition to the economic direction of my own Government," he said.

But he took "strong exception" to the party president, Margaret Wilson, describing opponents of Government policy as taking what she called "the Poi Poi approach—destroy the lot so the socialist phoenix can rise from the ashes."

"We can have open and free debate in this party and it does not create any great threat for a party like ours," Mr Anderton said.

The present policy seemed to be that "things have to get more unequal before we can be equal again to undo the inequality we have created."

"We are giving a free rein to greed."

"We are letting altruistic capitalism have its head even on the public sector because we are going to have the public sector commercialised and run by the private sector."

In fact, he said, the party should be proud of the public sector. If the treasury wanted to destroy a ministry like Works and Development, then that ministry must have a lot going for it.

After the debate, Mr Douglas denied that the relationship between the two men was "rough."

He recalled that they had known each other since those school days when they had played cricket together — even if there had been an element of rivalry then.

But he added: "We were in the same team then."

'Quiet Majority' Backs Government

Auckland THE NEW ZEALAND HERALD in English 1 Sep 86 p 5

[Text]

A quiet majority of delegates to the Labour Party conference this weekend gave the Government an almost total endorsement of its economic policies.

The Left, well-organised and enthused by a successful pre-conference "caucus," made most of the speeches.

The Minister of Finance, Mr Douglas, was hissed and heckled with cries of "Traitor!" His criticism of union attitudes at Kawerau drew outrage and his comment that he held no particular brief for the management either was met with scornful derision.

But when it came to the vote, the "loud Left" was defeated on virtually all the key issues by an almost-silent "Centre."

The revolution that Mr Douglas has wrought in his party was displayed in the rejection of remits which would once have been articles of faith at previous Labour conferences.

Socialist

Among those rejected were:

- "That concern is expressed at the Labour Government's economic direction and that the Labour Government adhere to democratic socialist principles in formulating economic policy."

- A phrase in a tax remit which would have opposed "the concept of indirect taxation except on luxury items."

- "That estate duties be introduced."

- "That this conference opposes the goods and services tax on local authority rates and school committee donations and funds."

- "That the Labour Government accepts the need for controls over the banking system to ensure that it does not operate against the interests of the lower socio-economic groups."

- A remit calling for a "managed" exchange rate.

With Mr Douglas' endorsement, the delegates voted against "any move to sell off state-owned enterprises." The Government says it has no intention of doing that anyway.

But remits seeking to ban even "partial privatisation such as the proposal to sell shares in the Bank of New Zealand" were defeated by a margin of about two to one.

The same support for the new market-oriented policy showed up beyond the narrow economic debate as well.

In the housing field, for instance, delegates voted narrowly against moves to require the state by law to house the homeless or to provide "single-mortgage house purchase finance to all low and middle-income earners at interest rates no greater than the level of inflation."

The only major exception in the economic debate was a move by Mr Peter Frawley (St Luke's) and Laila Harre (Princes St) "that the level of company tax be increased in favour of lower tax rates for low income people."

On Strike

This was defeated on a show of hands, but passed by 501-401 on a "card vote," with apparent block support from unions, which have more than one vote for each delegate on the basis of the number of people they represent.

Mr Douglas primed the

confrontation from the beginning with a speech which started quietly enough with a theme of efficiency, but drew fire when he attacked the Pulp and Paper Workers' Federation at the Tasman mill in Kawerau.

"Tasman's productivity is worse, not because of poor machinery, but simply because the plant is on strike a lot of the time," he said.

He said the Kawerau workers could double their wages if they set aside their "them and us" attitude.

Though he discarded a comment in his text that he did not want to see the Labour Party become "another Kawerau," he told the union and other delegates that unions must put their own houses in order in exactly the way that farmers, manufacturers and the state sector were being required to do.

Mr Graham Kelly (Shop Employees' Union) said the only people making money now were on the share-market, while 700 members of his union had been made redundant in rural areas in the past two months.

The Labour leader of the Wellington City Council, Mrs Helene Ritchie, a former supporter of Roger-nomics, said the effects of market forces were now being seen in higher charges, lower services and plans to "sell off" Wellington Airport.

Mr Peter Barting (Eden) said that he knew of three school committee treasurers who planned to resign because of the extra paperwork created by what he called the "heartless" tax proposed on school activity fees.

Mr Rick Barker (Hotel Workers' Union) said a survey of his members' spending showed that GST

would increase their costs by 8 per cent, while they would get income tax cuts of only 6 per cent on October 1.

Tax Base

But Mr Christopher Diack (Onehunga) said that the only way to get more revenue to pay for Labour's social programmes was to broaden the tax base through something like GST.

The new Labour candidate for Birkenhead, Jenny Kirk, said that she supported the Government's economic direction as an effort to reverse the disastrous policies of the previous Government.

The Government chief whip, Dr Michael Cullen, took up the same theme, saying he held no brief for the Treasury's "soggy prejudices loosely held together by economic jargon," but nor did he want to return to the regulated economy of "Muldoonism."

Editorial Warns on Party Backsliding

Auckland THE NEW ZEALAND HERALD in English 1 Sep 86 p 6

[Editorial: "The Labour Lemmings"]

[Text]

By last year's Labour Party conference it was clear that a mood of disenchantment was developing among the party's traditionalists. At this year's conference the strength of such a feeling had grown substantially, and although dissenters from the Government's economic policy scored no victory, their vocal efforts left an impression of a party in danger of going backwards.

There may be a wider lesson for the community in the fact that the "loud left" was defeated on nearly all key issues by an almost-silent centre. But it could be a mistake for the political leaders of the party to allow a tactical success at the conference to blind them to the growing impatience of those on the receiving end of unorthodox (for Labour) policies who are now told that the changes are only halfway through.

For its own sake the party's political leadership will need to do more to counter such disaffection. Labour, like other parties, has its quota of political backwoodsmen who would cheerfully have the party return to a past perceived through rose-coloured glasses.

It seems not to occur to the backwoodsmen that half a cen-

tury of excessive protectionism and state control or interference can now be seen beyond mistake as a key contributor to the country's steady decline. There are some who still would strive for state control of the means of production, distribution and exchange, as though politicians and bureaucracies could somehow do things better than people can if left to themselves.

In a Labour Party context, the unreconstructed left has failed to grasp one of the main political cross-currents that is giving the party such a good showing in the polls. The political leadership has moved, almost breathtakingly, into territory which should be the natural ground of the National Party but which the Nationalists have given up in recent years because of lost direction.

If the "loud left" of Labour ever amasses the strength to reverse the party back into yesterday, it will take a big step towards losing the substantial cross-party support which Mr Douglas' policies have attracted. To try to drag the party back into doctrinaire policies which the voters would probably reject seems a strangely lemming-like attitude. Yet it appears a growing and urgent problem for Labour's political leaders.

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NEW ZEALAND

CONDENSED GAS INDUSTRY CUTS CONVERSION COSTS

Auckland THE NEW ZEALAND HERALD in English 1 Sep 86 p 3

[Text]

The CNG industry — badly hit by falling petrol prices and changes to the Government incentives scheme — has moved to cut the cost of converting cars to the fuel.

From this week new incentives schemes in most of the North Island will bring the cost of converting to CNG to below \$1000, and in some cases as low as \$800. The price reductions will be phased in by the various gas utilities who will administer the scheme.

A spokesman for the CNG Federation, Mr Ross Parker, said not all the gas utilities had yet decided to join the new scheme, but he expected "most if not all of them would come into it in one way or another."

"Both East Gas in Hawkes Bay and Transgas in Wellington had already tested the market with reduced conversion prices, and have found that the numbers of conversions increased significantly," Mr Parker said.

"They will become part of the new scheme along with the Hutt Valley Energy Board, Auckland Gas and Petrocorp which between them account for the lion's share of the CNG market."

Initially the scheme will have regional variations, with the conversion cost

varying between \$800 and \$900.

The Government loan scheme, which is available through trustee savings banks, will continue until the industry sets up its own loan scheme. The Government and the industry are negotiating to transfer the administration of the loan scheme from Government to industry control.

"We have been aware that the difficulty for many people who would like to use CNG has been the cost of entry — that is the initial cost of the conversion," Mr Parker said.

"We still have the cheapest fuel on the market, and we would like people to take advantage of that.

PHILIPPINES

FOOD EXPORTERS HIT U.S. PROTECTIONISM

Quezon City ANG PAHAYAGANG MALAYA in English 15 Aug 86 p 6

[Text]

A large group of food exporters has asked the Ministry of Trade and Industry to request the United States government to lift its "protectionist policy" of restricting the entry of sweetened food products coming from the Philippines.

The Philippine Food Processors and Exporters Organization said the government should ask the US government to exempt Philippine-made non-traditional processed food from a restrictive policy issued last year.

The products - sweetened banana chips, fruit preserves, seasoning mixes, banana sauce, etc., have allegedly been arbitrarily detained by customs officials in the

port of Los Angeles, resulting to the cancellation of shipments until October.

The products were included by the US customs in the 220,000-metric ton quota for raw sugar since they contain more than 10 per cent sugar. The quota, however, had been filled. The next allocation will be in October.

The US government issued Proclamation No. 5340 imposing emergency quotas on food items with more than ten per cent additional sugar. The group said the move has resulted in indiscriminate harassments to the extent that other products which have not exceeded the limit have been held, the

organization said.

The US policy could weaken the demand for the products since these are bought by Filipinos in the US which are used to eating such products as macapuno and banana chips with more than 10 per cent sugar, they said.

The group explained that they have already asked the US government to liberalize the ruling but "the US International Trade Commission has made a recommendation that this trade barrier be made more stringent."

A further tightening of the US market, "which accounts for 50 per cent of our processed food exports, "would have far-reaching effects,

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PHILIPPINES

JAPAN, ISRAEL TO AID LAND REFORM PLAN

Quezon City ANG PAHAYAGANG MALAYA in English 12 Aug 86 p 3

[Article by Ben Evardone]

[Text]

Two countries which pioneered successful land reform programs and agricultural cooperativism have offered to help the country's land reform program, Agrarian Reform Minister Heherson Alvarez said yesterday.

Alvarez, guest at the weekly Kapihan sa Manila at the plush Manila Hotel, said Israel and Japan, have offered to extend financial assistance to the Aquino government in implementing its land reform program.

"They (Japan and Israel) are very interested in our comprehensive land reform program," said Alvarez.

Alvarez did not say the exact amount that would be needed to finance the country's land reform program.

Japan is considered as one of the countries in the world which succeeded in its cooperative program. Israel has transformed the kibutz into a showcase of land reform program.

Alvarez hailed the approval of the provision on genuine land reform program by the Constitutional Commission.

Saying his office had no hand in the passage of the provision on land reform, Alvarez stressed he favors the inclusion of all agricultural lands under the land reform program.

But he said the Ministry of Agrarian Reform will concentrate first on the implementation of the land reform program for the rice and corn croplands.

Also at the Kapihan, Commissioner Raul Daza of the Presidential Commission on Good Government said there was no need for him to surrender his green card because, he said, it became void when he accepted his appointment as PCGG commissioner.

He said this is provided in the laws in the United States.

Daza also took time to clarify reports that he bought an expensive house at the Ayala Homes in Alabang, Muntinlupa. He said he is only renting the house.

Alvarez denied that he is a green card holder. He said what he had was a refugee travel document. The document has limited privileges compared to a green card, he explained.

Daza and Alvarez were reacting to the clamor of some sectors, particularly former MP Eva Estrada-Kalaw, that all green card holders in the government should resign.

Kalaw, who was also guest at the forum, nevertheless pressed that all government officials who are green card holders surrender their cards "to assure the people of their sincerity."

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CSO: 4200/1435

PHILIPPINES

AQUINO DEFINES PC/INP, ARMY ROLES

Quezon City ANG PAHAYAGANG MALAYA in English 9 Aug 86 pp 1, 7

[Article by Joel Paredes]

[Text]

President Aquino yesterday defined the role of the new Armed Forces, saying the constabulary and police will concentrate on peacekeeping efforts and the regular forces, on security threats.

"You are expected not to disrupt but, on the contrary, to preserve the way of life of the communities placed in your charge," the Chief Executive told the Philippine Constabulary and the Integrated National Police on its 85th anniversary yesterday.

Speaking to hundreds of lawmen at Camp Crame, the President noted that the PC-INP was "shaped to be finer instruments for peacekeeping than the regular forces."

The 53-year-old housewife turned commander-in-chief urged the PC and INP "to prevent threats to the peace from growing to a size that would require the intervention of our regular forces."

Mrs. Aquino said deposed President Marcos' "big mistake" was "counting his battalions on the fingers of his hand."

The President said the ousted leader did not realize that he could not lead the Armed Forces "without also being the President of your people."

"His battalions finally realized this. They did not turn their guns on him. Instead, they joined the Filipino people in turning their backs on him," Mrs. Aquino remarked.

Wearing a blue suit, Mrs. Aquino led military officers in reviewing the troops after receiving full military honors.

She reminded lawmen that they have "added responsibility to reflect the ethic of the new order you serve."

"The government stands for integrity, selfless service and self-sacrifice," she added.

The celebration was highlighted by the President's unveiling of the "People Power" marker in front of the camp where millions trooped to protect rebel troops who led a military revolt that swept her to power in February.

Inscribed on the marker were the words: "On these hallowed grounds, the Filipino people, in an unprecedented display of solidarity, strength, courage, and unwavering faith in the Almighty, showed the whole world the conduct of a peaceful revolution through People Power to regain

freedom and democracy from an oppressive regime.

Recalling the success of the February revolt, Mrs. Aquino reminded lawmen that the government "rests securely only on the foundation of people's consent and cooperation."

"If the government is not for the people it will no last," she said.

"The clearer statement really is: A people must be for the government or the government is doomed; doomed to extinction, and long before that, doomed to ineffectiveness, which is an even more shameful fate," the President added.

The President awarded medals and plaques to meritorious officers, enlisted men and civilian personnel of the PC-INP.

Leading the awardees were Sgt. Jack Moreno, medal of valor; Sgt. Ruben Flores, distinguished conduct star; Col. Alexander Aguirre, distinguished service star; Brig. Gen. Bayani Fabic, distinguished service star, and; police Cpl. Haydee Lumio, medal of valor.

Before the President's arrival, Ang Filipino Ngayon news photographer Edna Malabanan was allegedly cursed and threatened by a sergeant whom she identified as Rico Manaig.

Malabanan said the sergeant grabbed her press card after she passed through the wrong lane near the camp's front gate.

She said Manaig even took her camera, uttering: "Kung hindi ka lang babae binanatan na kita."

But the sergeant was forced to return the camera after seeing that guests were already rushing into the camp.

"Sige lumayas ka na at baka kung ano pa ang magawa ko sa iyo," Malabanan quoted Manaig as saying before she left.

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CSO: 4200/1435

PHILIPPINES

SENIOR NAFF OFFICERS BLAME ENRILE FOR REFORM FAILURE

Sydney THE AUSTRALIAN in English 23-24 Aug 86 p 11

[Article by Barry Lowe]

[Text]

SENIOR Philippines army officers are beginning to complain about the Government's failure to introduce reforms in the armed forces, six months after newly installed President Aquino promised to clean up the military.

The officers are blaming the Minister of Defence, Mr Enrile, for the lack of progress on an urgently needed reform program, claiming he is devoting too much time to politics and Cabinet intrigues.

A colonel who commands an elite marine battalion based in Manila said one of the goals of the February revolution was to build a more professional army by eliminating the abuses that became rife during the Marcos era.

But the colonel, who asked not to be identified, claimed there had been no initiatives from the Defence Minister to implement reform programs.

He said Mr Enrile had promised to raise the effectiveness of the armed forces by introducing retraining programs for officers and enlisted men.

But according to the marine colonel, this pledge had apparently been set aside for Mr Enrile's other concerns.

"After the February revolution there was much discussion about improving the combat effectiveness of the mili-

tary because of its poor performance in counter-insurgency operations," the colonel commented.

"But, if anything, the so-called New Armed Forces of the Philippines has an even worse record against the rebels since the new Government came to power.

"Officers are relying on the same old tactics because the Defence Ministry is not teaching them anything new."

The colonel who is a member of the military reform group - RAM - said Mr Enrile had lost support among senior officers, including RAM members, because of his failure to address the military's most pressing problems.

"Right now I think the only officers still unswervingly loyal to him are the RAM members attached to his own defence ministry headquarters," he claimed.

RAM officers, led by Mr Enrile and Armed Forces Chief of Staff, General Fidel Ramos, spearheaded the February military uprising that ousted President Marcos and brought Mrs Aquino to power.

Although several overstaying generals were retired by Mrs Aquino soon after she took office, other promised reforms, particularly in the area of combat effectiveness, have failed to materialise.

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PHILIPPINES

COLUMNIST ANALYZES LAUREL'S 'DESPERATE' STATEMENTS

Quezon City ANG PAHAYAGANG MALAYA in English 16 Aug 86 p 4

[Commentary by Luis R. Mauricio: "Laurel's Calculated Risk"]

[Text]

VICE PRESIDENT Laurel's recent announcement of a possible merger or coalition between his party, the Unido, and the Nacionalista Party is undoubtedly the product of desperation.

It should be, because it came after a series of rebuffs he, personally, and his party suffered at the hands of its erstwhile ally, the PDP-Laban, and close advisers of President Aquino.

Ever the politician, Laurel had anticipated the national and local elections that would surely be held upon the ratification of the new Constitution now being drafted by the Constitutional Commission. That is the reason for his floating the idea, specifically beamed at Mrs. Aquino, of a merger of Unido and PDP-Laban, the two parties through which the opposition fought Marcos last February.

Laurel had characterized the pre-snap election relationship between the two parties as a "live-in" arrangement; thus, his suggestion for a merger would make their mating official.

However, Laurel's merger offer was brusquely dismissed by the PDP-Laban chairman, Minister Pimentel. This action was interpreted - correctly - by the Laurel group as an indication that, having used Unido as the vehicle for her candidacy, Mrs. Aquino has no more use for it, now that she has attained her objective.

The Unido forces suspected as much when Pimentel consistently favored PDP-Laban members over Laurel's recommendations in the appointment of OICs in the various levels of local government units. The rejection of a merger was the confirmation, and it was made more emphatic by a subsequent decision of the PDP-Laban convention to change the name of the party by eliminating the hyphen, upon the suggestion of Minister Mitra, in order to bring home the point that Laban, which Mrs. Aquino had co-founded, was now one with PDP, which Pimentel had co-founded.

THE DRUBBING dealt by the Cory bloc in the anti-Marcos alliance was not confined to partisan matters. It went beyond - to the personal.

Although Laurel was designated Prime Minister at the time that the new government seized power, the position was immediately downgraded when it was pointed out that that position had to be conferred on him, not by the President through appointment, but by the legislature (the Batasan) itself through election. When the Batasan was abolished one month later, Laurel was literally left holding an empty bag.

His staff in the Office of the Prime Minister was left out of the budget. Moreover, for a time there was no

budgetary release for the Office of the Vice President. Even his onetime partymate, by this time already the Budget Minister, joined hands with what was known in Unido circles as the Malacanang 'mafia' in making it appear that Laurel kept complaining about lack of appropriations when all along the money for his staff was already there, ready and available to be tapped at any time, except for the fact that what was being awaited was an executive order containing a job description and defining the scope of responsibilities of the post of Vice President.

When Laurel's office had finally drafted the executive order, in which was set out what Laurel perceived to be his role under the Aquino administration, the Office of the Executive Secretary sat on it. And when Laurel chafed at the bit, a copy of the draft was leaked to the press, to justify an insinuation that the Vice President had ambitions of encroaching on the powers and responsibilities of the President.

THE LATEST of the personal humiliations Laurel had to bear had something to do with his perception of his role as Vice President. An objective appraisal of the matter, of course, will show that he is partially to blame for the ensuing ruckus.

In Cebu City to induct officers of the CLASP, a legal aid organization, Laurel took advantage of the occasion to meet Unido followers, to pacify them, in the light of their complaints that they were being regarded as poor relations by those with whom they had worked during the last February election.

In the course of his conference with them, in the heat of Unido recriminations against the Pinaghiusa-PDP-Laban coalition, Laurel expressed what he would do when (no "ifs" about it; just when) President Aquino went on foreign official visits — to the country's ASEAN partners and to the US — and he would be acting president: he said he would dismiss unit members of the Cabinet, if the President would allow him.

Laurel now says his remarks were in answer to a hypothetical question. The press release from his press office in

Manila, however, belied him. At any rate, whether or not the question posed was hypothetical, the statement was uncalled for.

The unfavorable public reaction it gave rise to was exacerbated by a subsequent Malacanang decision, articulated in Executive Order No. 4, making the Executive Secretary the surrogate president during Mrs. Aquino's absence from the country, and assigning to Vice President Laurel a task a little bit higher in practical usefulness and importance than the protocol officer, and chiefly in social and ceremonial functions.

THUS IT CAN BE readily seen that Laurel's cozying up to the NP was partly out of pique and part bluster. On the whole, however, it is a calculated risk.

The NP was the political party which gave Marcos the jumping-off platform in his campaign for the presidency in 1965, following his defection from the Liberal Party of which he was the president.

During the martial law years and after the death of the party president, former Senate president Puyat, however, the party broke up in two. One faction was led by former Senator Jose J. Roy and the other by former Speaker Jose B. Laurel, Vice President Laurel's elder brother.

Although the party rules decreed that ex-Speaker Laurel, being then the executive vice president, should have succeeded Puyat to the presidency, Marcos, in his capacity as party titular head, justified Roy's assumption of the post on the ground that, as former Senate president pro-tempore, he was Puyat's successor in the party.

Prior to last February's election, the NP (Laurel faction), originally one of the parties under the umbrella organization that was the Unido, was gobbled up by the latter when it transformed itself into a legitimate party out of its desire to be denominated the "dominant opposition party," a status which, under the Marcos constitution, entitled it to a lot of election privileges.

The NP (Roy faction), on the other hand, went out of its way to show it was not under the thumb of Marcos.

In the presidential election of 1981, when the true opposition went on boycott, it put up its own presidential candidate, just so Marcos would not be without an opponent. But in the 1986 snap election, it gave up trying to appear independent; it could not shake off its acronym: NPA - Nacionalista Party of the (Marcos) Administration.

WHEN SENATOR Roy died this year, former Iloilo Governor Rafael Palmares, vice president for the Visayas, and former MP Romeo Jalosjos of Zamboanga del Norte, secretary-general, picked up the NPA pieces and tried to nurture it to a new life as a legitimate opposition party. But not for long.

Invoking fraternity (Sigma Rho) ties, Minister Enrile, through his close associate, former MP Rene Cayetano, succeeded in capturing the leadership of the party.

With Cayetano as new secretary-general, the NP has launched a resolute and relentless campaign for membership throughout the country. From reports received from the provinces, it would appear that the NP has been

making unprecedented gains, what with two-bit politicians (who believe they would never win with KBL label, or who have been disgusted with Unido the leadership for allowing itself to be bested by Pimentel's PDP-Laban in the appointment of OKs) signing up as members in preparation for the coming elections. Furthermore, if we are to believe reports from Bayan forces from Cagayan Valley, the NP recruiters have been giving assurances of "money and guns" to whosoever would sign up as members.

This, then, must be the NP which Vice President Laurel has plans of merging or coalescing his party with.

Surely he is aware that, if he pushes through with these plans - and if he was not merely bluffing the Aquino camp when he made such announcement - great is the possibility of his and his party's being swamped under by Enrile partisan support. That he is willing to take that risk is an indication that the breach between him and his erstwhile teammate must have reached irreparable proportions.

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PHILIPPINES

EDITORIAL LAUDS CONCOM AUTONOMY MOVE

Quezon City ANG PAHAYAGANG MALAYA in English 16 Aug 86 p 4

[Editorial: "Autonomy for Peace"]

[Text]

The Con-Com member may not be exaggerating when he opined that the approval of a draft provision granting autonomy for Mindanao and the Cordilleras was a "giant step" towards peace in the regions. For that was the ultimate aim and meaning of the Con-Com action, to seek the ways of peace in these two regions which have already caused so much suffering to the nation and adversely affected the economic breakthroughs past and contemporary leaderships have sought to achieve. This is especially true in Muslim Mindanao where a war of attrition reminiscent of Crusades has been fought for centuries. The Con-Com did not spell out the mechanics of the autonomy grant but left it to the Congress to enact the regional charters after consultations with multisectoral groups in the areas. Although the establishment of security forces was voted down, the body gave the regions their own courts and legislative assembly.

The definition of the territories covered by the two regions may take some doing, however. As provided for

in the Con-Com draft, territorial boundaries shall be determined by the "historical, cultural, linguistic, ethnic, communal and economic factors." But this is easier said than done. The proposed Congress will have its hands full delineating the line of differences that separates one adjective from the other. How would a mixed Christian-Igorot community be territorially defined, for instance? Or a Tagalog-Iligan area where commerce is plied constantly and even intermarriages occur? Would a blending language and history and assimilation overcome the deep ethnic roots that have bound the tribal minorities for centuries? Perhaps it will not be presumptuous if it were suggested that the most important in determining territorial limits is geography. The stated parameters might naturally fall into place once this has been defined.

At any rate, the Con-Com action has paved the road to a peaceful settlement of this particular problem. Whatever bottlenecks lie ahead are not insuperable in the light of sincere good intentions manifested for the minorities of this land.

PHILIPPINES

COLUMNIST PROFILES PRIEST'S CRITICISMS OF CHURCH, STATE

Quezon City ANG PAHAYAGANG MALAYA in English 20 Aug 86 p 4

[Commentary by Renato Constantino: "Irreverent Priest"]

[Text]

Amid the popular perception that the Aquino government is strongly influenced by Catholic hierarchy led by Cardinal Sin and other bishops, amid the apprehensions of observers of the Con-Con's work that the separation of church and state will be rendered meaningless with the probable deletion of such a provision and the possible inclusion of provisions on religious instruction and the exemption of church and school properties from taxes, a voice of dissent is heard within the church itself.

This dissenter who has courageously defied his superiors and criticized the President herself is Father Pedro Salgado, O.P. who has written some books and articles that should prove disconcerting to both the hierarchy and the Aquino administration.

In his most recent collection of essays entitled Cory Aquino, Militarization and Other Essays, Salgado gives an assessment of the motives of the bishops who supported Aquino in the elections, the civil disobedience campaign, and in the EDSA "revolt."

Salgado has misgivings about the bishops' motives. He states his reservations thus:

"I feel that it was not the betterment of the people that principally moved the Bishops to what they did. . . but rather. . . the Bishops' desire to preserve basically the status quo. . . ."

He continues:

"The majority of the Bishops, priests and sisters want the present system to remain, because they are well-off therein. Why indeed should they look for another kind of society, when in the present, they are privileged, rich and powerful?"

Regarding Mrs. Aquino, the irreverent priest says:

"The Bishops, priests, and sisters were right in supporting Cory Aquino. Cory is not about to demolish the structure of present society. And I don't think, she ever will."

Salgado notes that from the electoral campaign to the present, Mrs. Aquino has never mentioned anything about what she perceives to be the cause of the people's poverty: imperialism. On the contrary, according to Salgado,

"... we see Cory's government following the same basic pro-foreign policies implemented by the former government of Marcos. . . we read of Cory's ministers advocating the need for free enterprise and foreign investments, which. . . are precisely the policies desired by the rich foreign nations. The new govern-

ment is kowtowing once again to the International Monetary Fund and the World Bank, which are the twin (sic) most important instruments of the rich foreign nations in the depredation of our country."

Fr. Salgado does not mince words in explaining why there is a continuity of policy:

"The foreigners' power in our society also stems from the fact that the high ranking officials of our government belong as a rule to the elite class whose interests coincide with, and are subservient to, the foreigners. How can one expect such rich people as Jose Concepcion, Jose Antonio Gonzalez, Jaime Ongpin, Jobo Fernandez, Juan Ponce Enrile, Salvador Laurel and last but not least, Corason Cojuangco Aquino, to fight the foreign imperialists, when their interests coincide with those of the latter? If these local elite have lands, don't they plant therein coconut, sugarcane, coffee, rubber, palm oil, raw materials all that are entirely dependent for markets on the foreign capitalist nations? Don't their businesses have tieups or licensing agreements with the foreign multinational corporations? Their banks, aren't these partly owned by the foreign elite themselves?"

Salgado concludes:

"The Cory government is a tactical retreat, as it were, of capitalist imperialist powers. . . The Cory government institutes reforms, but these are reforms

that do not alter the basic economic and political structures of society. Cory's much praised reforms, like the restoration of the writ of habeas corpus, the release of all political detainees, the curtailing of corruption and bribery, do not. . . change the basic structure of Philippine society. The reforms, though, would for a time blind the people to the true nature of the new dispensation."

Salgado found further confirmation of the ideas he expressed in his book when on July 5, 1986, he had an audience with the President. In that audience, he and other members of the Kilusang Magbubukid sa Pilipinas took up the question of the military operations in the Cagayan Valley.

In a subsequent article in *MidWeek* of July 19, the Dominican priest summed up his reaction to that dialog with Mrs. Aquino:

"Before the audience with Cory, I had wanted to believe that the militarization of Cagayan Valley was the handiwork of Enrile and Ramos. I had wanted to believe Cory Aquino was simply led into it by powerful military bosses.

"It seemed, after the audience with the President, that militarization had her conscious and willing consent."

These are brave words coming from a man of the cloth.

If only those members of the church who are now active inside and outside the Con-Com were as forthright and as pro-people as Salgado, then the fears about a theocratic state would be dissipated.

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PHILIPPINES

SOUTH COTABATO OIC'S SEEK REORGANIZED CHDF

Quezon City ANG PAHAYAGANG MALAYA in English 14 Aug 86 p 14

[Article by Edwin Mercurio]

[Text]

KORONADAL, South Cotabato - The municipal OICs and the governor-designate of South Cotabato have asked President Corason Aquino to reorganize the Civilian Home Defense Force in this province.

In a petition signed last Aug. 2 by the 18 OIC mayors and Governor-designate Imael Sueno, they also asked Mrs. Aquino to consider ex-T'boli Mayor Mai Tuan a rebel and an outlaw.

The petition was aimed to restore peace and order in the province and create a climate of cooperation in carrying out the goals and objectives of the present administration, Sueno said.

The petition contained five demands namely the replacement of the CHDF commanders of the municipalities of T'boli, Lake Sebu, Glan, Maitum and Maasin with acceptable military officers; the disarming and reorganization of CHDF personnel of the municipalities of T'boli and Lake Sebu; the reorganization of the CHDF units of Glan, Maasin and Maitum; the reshuffling of the Home Defense Forces (Airborne) commanders in all municipalities of the province and to consider Mai Tuan a rebel and an

outlaw.

The signatories said the CHDF commanders in the municipalities of T'boli, Lake Sebu, Glan, Maitum and Maasin were Marcos supporters and were unwilling to cooperate with the incumbent local officials to the detriment of public service.

In the towns of T'boli and Lake Sebu, CHDF members have been identified with the atrocities, massacres and lootings during the breakdown of peace and order in the two municipalities, they added.

"Members of the CHDF are apparently supporting selfish and vested interests of certain individuals rather than for the common welfare. Their loyalty and commitment are questionable," the petition stated.

On the demand for the reshuffle of the Home Defense Forces (Airborne) commanders the OICs said some commanders were not supportive to local executives.

The OICs also deplored the move of Defense Minister Juan Ponce Enrile backing the restoration of Mai Tuan as

Mayor of T'boli town.

Published reports said that Enrile was supporting the retention of Tuan as Mayor of T'boli who was replaced by Local Governments Minister Aquilino Pimentel Jr. last June 3, in a bid to end the terrorism in the hinterlands which has displaced some 7,000 residents.

This was done despite "strong evidences that his followers are responsible for the atrocities, massacres and looting perpetrated in some villages in the municipalities of T'boli and Lake Sebu," Sueno said in his letter to Mrs. Aquino.

Sueno also assailed the military for giving Tuan "treatment that befits a hero."

"Restoring Mai Tuan as mayor of T'boli is like appointing Tolentino to a choice position in the government," Sueno added.

The provincial government of South Cotabato is now working on various proposals and programs to alleviate the plight of the tribal minorities and Maguindanao Muslims in the province.

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PHILIPPINES

CASH CROP TRANSFORMATION OF COCONUT LANDS VIEWED

Quezon City ANG PAHAYAGANG MALAYA in English 16 Aug 86 p 5

[Text]

Close to 1.5 million hectares of coconut lands may eventually be planted to more profitable crops like potatoes and castor beans crops owing to the agriculture ministry's plan to finally embark this year on an intensified crop diversification program.

Some 80,000 has. of coconut lands have initially been set for replanting in an effort to maximize utilization of farm lands and wean away farmers from traditional, "sunset" crops.

Almost half of the country's three million hectares of coconut lands may be covered by the program because the government plans to maintain the current national copra output at about two million metric tons.

This means that coconut plantations will eventually be reduced to 1.5 million from two million has. based on the yield average of one to 1.5 tons per hectare.

Agriculture Minister Ramon Mitra Jr. disclosed that 44 provinces have already been placed under zoning, a MAF program geared to provide

exhaustive information on the type of crops suitable for a particular area.

Among the crops which have strong export potentials, he said, are ramie, castor beans, cacao and potatoes, all of which are in demand in Japan, Korea, China, Singapore and Germany.

Mitra said that Japan, Singapore and China are buying some \$200 million worth of potatoes alone yearly from the United States and Latin American countries.

"Considering our proximity to these markets," he stressed, "we already have an advantage in terms of lower shipping costs."

Due to the global supply glut of coconut-based products and the increasing shift to oil substitutes, domestic prices of copra have gone down to as low as P1.50 a kilo, or less than 20 per cent of the P10 a kiloprice a few years ago.

The Philippine Coconut Authority had launched in 1978 an intensified replanting program designed to maximize production by promoting hybrid varieties which have potential yields of five tons per hectare. But the program was derailed by the acute shortage of government funds and the continued deterioration of world market rates.

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PHILIPPINES

CHURCH GROUP SCORES ZAMBOANGA ATROCITIES

Quezon City ANG PAHAYAGANG MALAYA in English 12 Aug 86 p 3

[Article by Desiree Carlos]

[Text]

The Ecumenical Movement for Justice and Peace yesterday lambasted the continued militarization in Zamboanga del Sur and Zamboanga del Norte which has reportedly unjustly disrupted the lives of residents in the area.

In a fact-finding mission report issued yesterday, the EMJP said that residents of Zamboanga del Sur and Zamboanga del Norte now live in fear and as military men and paramilitary reportedly arbitrarily arrest farmers, subject them to interrogation, loot their houses and commit other human rights violations.

In a sworn affidavit, Alejandro Tagalog, of Lumpunid, Madsalip, Zamboanga del Sur, said that last June 16, six army soldiers and two CHDF members, identified as Singko and Berto Arroco of Datagan, Don Mariano Marcos, Zamboanga del Sur, took turns

boxing him. They also took his two fighting cocks and burned his house and that of his son Rogelio.

Last June 11, the EMJP reported that Norrie Banua, 23, of Nabilid, Roxas, Zamboanga del Norte, was arrested by elements of the 32nd IB-PA at Siari, Sindangan, Zamboanga del Sur for allegedly being an NPA member. He was detained at the barracks in Villaramoa, Manukan, Zamboanga del Norte.

Last June 21, 30-year-old Segundo Allado, Jr. of Madshim, Sindangan, Zamboanga del Norte was also arrested by the 44th IB-PA elements while on his way to the "taboan" or market day in Femagas, Katipunan, Zamboanga del Norte. He was detained at the 44th IB camp in Femagas, Katipunan, Zamboanga del Norte for allegedly being an NPA regular.

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PHILIPPINES

46 PERCENT IN SURVEY SEE POSITIVE NPA IMAGE

Quezon City ANG PAHAYAGANG MALAYA in English 11 Aug 86 pp 1, 7

[Article by Monica Feria in the "Filipino Mood" feature: People Sympathetic to CPP Aims]

[Text]

Close to half, 46 per cent, of Filipinos have a positive image of the 12,000-strong rebel New People's Army (NPA) and the Communist Party of the Philippines (CPP) which is waging a guerrilla war in the countryside, our recent nationwide opinion poll showed.

Respondents perceived the radical CPP-NPA to be "merely seeking the implementation of some reforms by the government." Another poll question revealed that almost the same number, 47 per cent, believed the CPP-NPA were "fighting for the people's interests."

The poll, conducted by the Philippine Survey and Research Center (PRSC), indicated that only about a fourth, 23 per cent, had strong negative feelings about the insurgents and believed the CPP-NPA were "bent on de-stabilizing the present government." More specifically, 22 per cent of the respondents felt the

insurgents were "just after their selfish interests."

However, a larger segment, 31 per cent, were undecided or uninterested in the insurgency which is tagged the most serious national security concern of the country. Some 10-15 persons a day have been killed in NPA-military clashes over the past five years, government reports estimate.

As perceptions go, the rebels find their largest support bases in Southern Luzon-Bicol area followed by Metro Manila and the Visayas. A big plurality, 61 per cent, of Tagalogs and Bicolanos south of Manila saw the armed insurgents as idealistic reformers. Fifty-three per cent of this same sample specified that they perceived the CPP-NPA to be fighting for the people's interest.

Surprisingly, Mindanao turned in the smaller percentage of positive reactions 34 per cent to the insurgents. The rebels claim their largest armed strength in Mindanao island.

The same number of respondents in Mindanao, 34 per cent,

believed the insurgents were out to de-stabilize the present government. This represents the biggest percentage of negative votes for the CPP-NPA.

North-Central Luzon, on the other hand, had the biggest number of undecided or uninterested respondents on this vital issue (46 per cent).

By demographic segments, the lower income group, the females and the younger population hold a more favorable view of the left's motives than the upper and middle classes, the males and the older population.

Despite these differences in perception, a big majority of Filipinos, 79 per cent, came out strongly in favor of government ceasefire talks with the CPP-NPA. Apparently the desire for peace and trust in the government's efforts encompasses groups with contrasting opinions of the insurgents.

The CPP-NPA, according to their pronouncements and publications, are seeking the abrogation of the United States military bases agreement and other special relations with the Philippines, radical land reform, socialist economic policies and the initial formation of a national democratic coalition government including sectoral and grassroot representatives. The CPP-NPA believe that the present government is still representative of the ruling elite.

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PHILIPPINES

NPA SPOKESMAN ON MANILA BUILD-UP

Sydney THE AUSTRALIAN in English 25 Aug 86 p 6

[Article by Barry Lowe]

[Text]

PHILIPPINES communist insurgents, who control an estimated 20 per cent of rural villages, have launched a program to expand their military presence in Manila.

The New People's Army (NPA), the military wing of the Communist Party of the Philippines, plans to establish a network of urban guerrilla cells in the capital with the capacity to intervene in any coup attempt against President Aquino.

A spokesman for the rebel organisation said teams of "armed city partisans" - the movement's term for its urban militia - were being installed in Manila "safe houses" after completing training courses in communist-controlled zones in the provinces.

The spokesman said the NPA became aware of the need to expand its presence in the capital after it realised it could not have made a decisive contribution if the February coup that brought Mrs Aquino to power had developed into a protracted struggle between the people and the forces of the former president. Mr Ferdinand Marcos.

"We were forced to admit that our previous efforts to install a network of partisans in Manila had not progressed sufficiently," he said.

"When the February revolution came we were not in a position to play a major role."

The spokesman blamed logistical problems for this failure.

Weapons

Support networks were being created to overcome the shortcomings, he said.

The armed city partisans are organised into small cells, sometimes just a husband and wife. Personnel from different cells join for specific operations.

These special assignment teams are known as "sparrow units". In the past, their activities have focused on capturing weapons from army officers and killing allegedly corrupt or repressive military and civilian officials.

The urban guerrillas have been active during the past few years in a number of provincial centres, particularly in the southern city of Davao, where scores of officials and military officers have been killed by hit squads.

The armed rebels in Manila have maintained a relatively low profile, preferring to concentrate on consolidating their position.

The NPA spokesman said the emphasis of the present program would be on building a secure and efficient network rather than engaging in military operations.

If present government-rebel cease-fire talks yielded a truce the city partisans would be bound by that agreement.

"Our priority now is laying the groundwork for the development of a rapid response strike force that could intervene as pro-fascist forces attempt to seize power and reverse the gains of the people's revolution," he said.

A recent training course for urban guerrillas included instructions in the handling of explosive devices.

This follows the success of a recent NPA program to buy local technology for the manufacture of its explosives.

Landmines made from experimental explosive compounds developed under the program have been deployed

successfully against army vehicles in the southern island of Mindanao and in southern Luzon.

The NPA spokesman refused to reveal how many guerrillas were being deployed in Manila. The figure is believed to be in the hundreds.

Illicit

● The Philippines Government is to sell \$US20 million (\$32 million) worth of properties owned by Mr Marcos and his family to help the nation's strapped economy, newspapers in Manila reported at the weekend.

The Tourism Minister, Mr Jose Antonio Gonzales, said most of the properties had been illicitly acquired by the Marcos family.

Among those to be sold were an unfinished mansion atop a hill in scenic Tagaytay City, north of Manila, and several beach houses in the Marcos couple's home provinces of Ilocos Norte in the north and Leyte in the central Philippines.

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CSO: 4200/1435

THAILAND

PAPER REPORTS ON PREM ADVISORY THINK TANK

Bangkok THE NATION in English 4 Sep 86 p 17

[Text]

PRIME Minister Prem Tinsulanonda's new advisory committee on economic affairs will be led by Dr Anat Abhabhira-ma who is believed to have approached about ten other well-known experts to join his team under the umbrella of the prime minister's advisory board chaired by Charn Manoodham, informed sources told *The Nation* yesterday.

Two other political appointees on the advisory board — Mr Van Chansue and Dr Virabongsa Ramangkura — will also be in the economic affairs committee.

Informed sources said that during the first meeting of the nine-member advisory board chaired by Charn last week, it was agreed that Charn himself will head the advisory committee on political affairs while Gen Saiyud Kerdphol will lead the advisory committee on social affairs.

Dr Anat, former agriculture minister and also current president of Thailand Development Research Institute (TDRI), was named to head a committee to offer advice on

economic issues to the prime minister.

"Since the nine advisers named earlier are political appointees, some senior government officials can't serve in the advisory capacity. That's why the advisory board decided to set up three committees whose members could then be drawn from various sources, including the bureaucracy," the sources said.

The sources said that Dr Anat, who would not confirm or deny the report, had approached a number of persons to join his economic advisory committee. Apart from Dr Virabongsa and Mr Van, others who have been approached include:

Kosit Panpiemras, deputy secretary general of the NESDB; Vira Pitrachart, governor of the provincial electricity authority of Thailand; Aran Thammano, director general of the treasury department; Saeng Sanguanruang, general manager of the Thai Cane and Sugar Corp; Olarn Chaipravat, executive vice president of Siam Commercial Bank; Chaiyawat Wibulsawasdi, director of the central bank's economic research department; Nibhat Bhukkansut, deputy director of the finance ministry's fiscal

policy office; and Twatchai Yongkittikul of TDRI, who is also expected to serve as secretary to the committee.

The committee under Dr Anat is expected to deal mainly with economic issues with direct access to the prime minister although officially the committee will still come under the main advisory board chaired by Charn, a former Prime Minister Office's minister.

The nominees for the economic advisory committee have yet to be officially approved by the prime minister and "one or two more names" may be added to the list when the final line-up is completed.

The formation of a committee-type advisory group under the overall political setup is aimed at drawing upon the experience and expertise of government officials who would otherwise have to resign from their posts if they were to be formally named advisers to the prime minister.

The nine advisers on the main board appointed last month by Prime Minister Prem include former Deputy Foreign Minister Arun Panupong, well-known TV personality Pichai Vasanasong, former deputy secretary general of the PM's Office Rear Adm Prakob Vasinont, and Dr Tinnapant Nagata.

/9274

CSO: 4200/1437

THAILAND

EX-AMBASSADOR PROFILES GENERAL PREM

Sydney THE SYDNEY MORNING HERALD in English 25 Jul 86 p 11

[Article by Gordon Jockel, former Australian Ambassador to Thailand]

[Text]

WHEN General Prem Tinsulanond became Prime Minister of Thailand in 1980 most in Bangkok believed he was a stopgap Premier who would not last more than three months. He was a good soldier, they said, but a political innocent. He had no power base. Outside the military he had made little effort to impress people.

I got to know him because he attended Australian aid ceremonies. I found him, like the Thai nation itself, full of concealed strength and thought him likely to last longer than people believed.

He comes from modest origins. In Songkla (southern Thailand) he once pointed out to me the jail where his father had been warder. Prem's predecessor, General Kriangsak, was the son of a provincial railways official. For all its traditionalism, Thailand also offers social mobility to the outstanding or gifted.

I once asked him why the Army was so passive in the south in the face of insurgency raids on military and police posts from mountain hide-outs. He replied in limited but fluent English: "Because we look on these people as misguided Thais. Communism is not the Thai way. If we are sincere in improving farmers' conditions they will return. If we kill them there will be bitterness."

Prem made his name as Army Commander in the once communist-threatened north-east. He made it a practice for himself and his staff to visit villages whose menfolk were known to have taken to the hills. He would try to persuade villagers to go after those who had left and persuade them to return and talk things over.

This in turn caught the attention of the King, who built a palace in the north-east to signify national commitment to solving the problems of that impoverished region. He lives there several months a year, making daily expeditions to outer areas to initiate and supervise development projects.

As Army commander Prem was responsible for the King's safety and was in constant attendance. The King came to know and trust him, as he made clear to me in a conversation at his palace in Chiang Mai. The King was pouring scorn on the tendency of the military to tackle the insurgency problem by ordering big military sweeps in disaffected areas in contrast to a slower, more socially-oriented advance.

Stabbing his finger across the dining table in Prem's direction, the King suddenly said, in his characteristically suppressed but excited way: "That man, that man understands. He is no politician but he's perfect."

Throughout the pressures and crises confronting Prem during his term of office there has always been subtle but unmistakable support, when needed, from the Palace.

In turn, General Prem himself is ardently loyal. He reveres the King. One evening, as we were strolling through the throne room in the palace after a royal banquet, General Prem suddenly realised he was in the vicinity of the throne itself. He unhesitatingly threw himself on the ground, crawled across the floor past the throne, stood up and resumed our conversation. I never knew another Thai to do this.

Yet he is very much his own man. Politically he is an enlightened conservative. He embodies the Thai virtues of patriotism, moral strength, abstemiousness, self-control, personal modesty and good manners. At the same time,

he is the only Thai I knew to dance western-style with the Queen. A snappy dresser who favours blue, pink and cream Thai silk suits buttoned to the neck, he is a man of flair in a society where flair counts.

Who likes him? For a start, the technocrats who occupy key posts including the four powerful ones of the Planning Board, Budget Bureau, Treasury and Bank of Thailand. He runs an orderly Cabinet once a week and a weekly meeting of the economic ministers.

He has instituted a monthly meeting between ministers and business leaders. This was previously unheard of in a country where business seeks to influence those in power through cliques, cronyism and sharing the spoils of office. The more public-minded businessmen like him. He believes in free enterprise and offers no threat to the entrepreneurial freedom of Thailand's Sino-Thais.

"Pa Prem" has survived well in a country where large numbers of people play politics and which suffers its fair share of tensions — several recent coup attempts, the problems of Indo-China and Vietnamese pressure and the disengagement of the US.

His major contribution to the Thai political scene has been the strengthening of civilian control and obtaining a better balance between civilian and military influence. It is an encouraging process but not an assured one as the King reminded me on one occasion.

I had praised the healthy trends of Thai political evolution. "That's what we hope for," the King replied, "but in the meantime I stay here and sweat it out."

THAILAND

SITTHI DISCUSSES POSSIBLE BUDGET INCREASE

Bangkok THE NATION in English 5 Sep 86 p 1

[Text]

SOCIAL ACTION leader ACM Siddhi Savetsila said yesterday that the 1,500-million-baht increase in the capital investment budget for the upcoming fiscal year is still inadequate to stimulate the country's economic growth.

The SAP leader also hinted at the possibility of a further increase in the investment spending when he told *The Nation* that Gen Prem Tinsulanonda positively responded to his presentation on the need for a substantial increase during a Cabinet meeting last Tuesday.

"I cited the World Bank report on the economic situation of Thailand and the prime minister said my presentation deserved thorough study," he said.

"The point is that it's time we abandoned the austerity approach."

"The inflation 1.5 per cent rate at present is too low," he said.

The premier's response is taken by observers as a move to provide "room" for an adjustment in the budget bill which has yet to be debated in Parliament. Changes can be accommodated in the second reading.

Another way to go about it is through mid-year budgetary adjustments in which ministerial budgets could be sliced off to make up for an increase in the capital

investment budget, according to informed sources.

If the first approach is taken, more loans may have to be sought to cover a wider budget deficit estimated at about 42,000 million baht for the next fiscal year, given the estimated revenue of 185,500 million baht vis-a-vis the expenditure budget of 227,500 million baht. Yet, there is a legal limit to borrowing to cover the budget deficit: the requirement that the loans must not exceed 20 per cent of the total expenditure plus 80 per cent of the principal loan repayment now standing at 15,400 million baht.

In simple terms, the loan procurement ceiling stands at about 50,000 million baht. The constraint has become real given the experience that past governments have usually faced the problem of cash deficit resulting from failure to reach revenue targets.

If this approach is to be taken, the legal limit has to be revised or government revenue has to be increased.

Siddhi also said that tax reforms

are also needed to increase the government revenue and, at the same time, provide more incentives to investors.

He also proposed that the reforms which include a reduction in the dividend tax etc, could be achieved through amendment to ministerial regulations.

The SAP leader earlier put forward a proposal for a 15 per cent flat rate to be applied to the tax on debentures as against the progressive rates. The proposal was afterwards well taken and is expected to be approved in next week's Cabinet meeting.

"I keep my words," he said, referring to his campaign promises to push for tax reforms, and an increase in the capital investment budget. Siddhi then proposed an increase by about 10,000 million baht for the expenditure budget given the oil price situation in the world market at that time. But observers believe that the upward movement of oil prices may hamper his efforts to achieve such a substantial increase, proposed by his personal advisory board.

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CSO: 4200/1437

THAILAND

DEPUTY FINANCE MINISTER DISCUSSES STRATEGY

Bangkok THE NATION in English 26 Aug 86 pp 17, 18

[Text]

THE government should consider ways of encouraging foreign capital to play a greater role in solving the country's economic problems, Deputy Finance Minister Supachai Panitchpakdi said yesterday.

He indicated that foreign banks could also be allowed to open new branches in Thailand, although he added that the conditions would have to be examined carefully. These would include looking at the purposes of the new branches, the amount of capital involved, and whether the branches would be able to bring foreign capital or expertise — such as international commodity trading — into the country.

The political environment and the situation facing Thai banks would also have to be taken into account, he said, although from the point of view of "economic rationale" there should be no objection.

But, he said, the most urgent issues that need tackling are the government's budget, the merging of troubled finance companies and the development of the capital market and the Securities Exchange of Thailand. Then, the government could turn to altering the legal framework, and promoting specialist institutions such as one to finance small industries.

As for the Democrats' promises to reduce oil and power prices and interest rates, Supachai said the timing would have to be considered carefully. With world oil prices rising now, it might not be appropriate to cut domestic retail prices further.

This would not be breaking any election promises, however, he said, because the original programme was issued before the government announced its last oil price reduction. In other words, the last government fulfilled the Democrats' promise before the election. Supachai conceded, however, that some of the party members might need a little persuading.

The time is over, Supachai said, when the private sector is in the hot spot. Previously the constraints were in that sector, but inflation has eased, changes in the exchange rate have

benefited exports, and the trade balance has improved. Previously the sector was uncertain about whether it had money or not. Now its savings are healthy but there is surplus liquidity because firms have channeled their earnings into repaying their debts.

The most pressing problem he is facing in his first days as deputy finance minister, is the structure of the budget deficit, and the government's burgeoning revenue shortfall.

One of the measures being considered to improve the government's ability to earn revenue is to reform the tax structure. This objective might appear to conflict with the one put forward by representatives of business when they advocate tax reform — they want to relax the burden at present suffered by businesses.

Supachai said the two objectives need not be contradictory. The aim is to free taxpayers from the fear of arbitrary assessments of current and backdated tax liability, to encourage taxpayers who can but do not at present pay tax to come into the system, and to make the tax system fairer overall. Existing taxpayers would not be required to pay more tax, except when professional taxpayers are given inordinately large allowances for expenses.

Firms would be encouraged to introduce proper accounting systems in a way that would not unduly increase their costs. This would allow the Revenue Department to collect taxes on the basis of actual revenue and to redeploy its staff on chasing up the tax of larger businesses.

There would also have to be a reform of the tax collecting methods, so that officials can provide a service to the public and reduce appeals and litigation. Tax paying should be made more convenient, he said.

Even though people who are now outside the tax system would complain, a consistent and clear system would not make the complaints too bad.

But it is the slowdown in the economy that Supachai said was the most serious factor in the government's inability to meet its revenue targets, and he blamed this on the restraint in expenditure.

He also said he was in favour of increasing the government's foreign borrowing ceiling from the US\$1,000 million imposed at present in any one year. Any increase would not be as much as the doubling to \$2,000 million suggested by the World Bank, however.

At the same time, the government's debt policy committee would have to be given greater powers, so that it could vet the "quality" of the debts, seeing whether they would create jobs or lead through other means to a "multiplier effect" chain reaction of increasing incomes injected through the economy.

With the restrictions on new borrowing and on new government financial guarantees, state enterprises and foreign suppliers have attempted to seek an alternative route — leasing or renting equipment instead of outright purchases.

This imposes a "contingent liability" on the public sector, not quite as strong as the commitment to repay debts, but nevertheless a commitment to pay out foreign exchange in the form of rent.

Supachai said he was in favour of commitments of this nature also coming under the orbit of the debt policy committee, although control need not be so strict if the government can be sure that the commitment remains a contingent liability rather than turning into debt, and there are assets that can back the payment — if the state enterprise has to abandon the lease or rent then it should be able to pay off some of the commitment by returning the equipment.

But, cutting expenditure is no longer the best

solution, Supachai said. In the short term it might help the government to save, but its effects on the economy eventually lead to reductions in government earning-power in the medium term, he said.

Monetary policy is less of a problem than fiscal policy, he said. Although flexibility needs to be given to interest rates — and that means upwardly flexible as well as downwardly — there is little use in talking about interest rates in the short term. The more important problem is the law and the need for more and more flexible instruments in the money and capital markets, something that is being discussed with the SET.

The financial authorities can now resume their efforts to group and merge the 34 financial companies that they took under their wing in 1984. Supachai said these efforts were relaxed during the period of the caretaker government.

Today he is due to brief the Press on new moves to improve the capital market. Broadly, the intention is to encourage the introduction of more types of paper that can be traded on the market, with more types of return, and to encourage more participants.

Supachai seemed to miss some of the working conditions at the Bank of Thailand, but he relished the opportunity to be involved in decision-making that would actually affect the ability of the financial authorities to achieve targets. "I am a target oriented person," he said, explaining that while his previous positions at the central bank might have involved a lot of preparation of policies and measures, it was not the same as making the decisions.

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CS0: 4200/1437

THAILAND

VOTE BUYING DESCRIBED IN UPCOUNTRY PROVINCES

Sydney THE SYDNEY MORNING HERALD in English 26 Jul 86 p 20

[Article by Cameron Forbes]

[Text]

BANGKOK, Friday: Dr Akom Soracuchart, a Democrat Party leader, is pleased with the campaign to win Thai hearts and minds for parliamentary democracy and to teach people the value of the vote.

Out in the provinces many candidates would argue that the campaign has worked far too well.

We are standing in the drizzle on the fringe of the Bangkok sprawl. Here the city's slums, public housing estates and pockets of affluence meet the rice paddies.

The Democrat Party is holding one of its final rallies before Sunday's election and Dr Akom is confident that the Thai people are more aware now of the opportunity this charming, coup-bedeviled country has to move closer to full democracy.

"Our party had the Education portfolio in the last Government and we worked very hard to teach the children what democracy is about," Dr Akom said. "And the Government has had a drive throughout the countryside to explain the importance of the vote."

Whatever happens in the polling places on Sunday - voting is not compulsory - there was one index today of the campaign's success: the research office of the Bangkok Bank reported that the election was one of the factors which have helped offset the effects of disastrous commodity

BANGKOK, Friday: The Thai Army Commander, General Chaowalit Yungchaiyut, had good news for the nation's campaigning politicians this week: the army will be strictly neutral in Sunday's election and will not interfere in politics.

The bad news came when General Chaowalit, after saying that the army would support the "just entity" elected by the people, continued: "If that entity becomes unjust and fails to serve the people's interests, the army will not stand idly by."

prices and protectionism.

Thailand, indeed, could be said to be experiencing a vote-buying led recovery. On one estimate, the big-money men will outlay 1.5 billion baht (about A\$100 million) to buy their way, they hope, into Parliament, their parties into coalition government and themselves into a Cabinet portfolio.

Money destroyed the last administration of the Prime Minister, General Prem Tinsulanonda, when massive bribery - including, it is reported, money changing hands on the floor of the House - induced government MPs to vote against Government sponsored legislation. Money, it seems, will help shape the next administration.

For Dr Akom and those members of the Democrat Party who appear genuine small-d democrats, it must be ironic that the

At the time of his appointment, General Chaowalit was described by the Government as a "true democratic soldier" but it does not take much imagination to hear tanks rumbling through Bangkok streets.

General Chaowalit was speaking in a flow old army tradition when he threatened intervention in the people's interest. There have been 15 coups or coup attempts since army officers and civilians overthrew the absolute monarch, King Prajadhipok, in 1932.

- CAMERON FORBES

education drive, along with constitutional changes aimed at stabilising the political system, have led to massive corruption.

In some provinces the price of votes has doubled in this election. It is a seller's market. More people are aware of the stakes for politicians and more people want to have their own political say.

In the province of Suphanburi, for instance, a reasonably well-off rice-growing area, votes will cost about 100 baht and not more than about 30 per cent will be up for sale. About 30 per cent were bought last election.

Ubol Ratchatani province is poorer. There votes are going for only 30 baht, with the proportion for sale estimated at between 45 and 50 per cent, compared with 60 per cent previously.

Among the big-spenders caught by vote inflation allegedly will be

Dr Akom's fellow Democrat, Mr Prachuab Chaisarn, a self-made millionaire whose Slot Group Company had sales worth 2,000 million baht last year in labour-exporting and construction.

Mr Prachuab admits to spending "a lot" in this election campaign - which could be an understatement. He has said that he does not deny reports that the sum involved is between 15 million and 20 million baht.

Mr Prachuab wants to turn his home province of Udon into a personal and Democrat stronghold, and indeed, to deliver the north-east, where the Democrats in the past have been soundly beaten by the Social Action Party.

He has not denied reports that his party has promised him a deputy ministerial post should he help win six of the 11 Udon seats. Ideally he would like to be Deputy Interior Minister - obviously for altruistic motives.

The Thai economy is also being primed by a constitutional provision aimed at stopping the practice of individuals creating parties simply as vehicles for their personal political ambition. In the past this has led to a proliferation of parties with no discernible platform or ideology.

The law now requires that all candidates be party members and that each party contest at least half of the 347 seats. It costs 5,000 baht to register a candidate.

However, 16 parties are running for election and 3,813 people have

registered as candidates. Many of these have not so far been sighted on the campaign trail and would be startled to win. Some are at home planning how to spend their 30,000 baht payment for the use of their names.

But on the hustings are a strange collection, there by courtesy of the bail provisions of Thai courts.

Colonel Phol Reongprasert, adviser to the United Democratic Party, is running in Uthai Thani, with proceedings for issuing a dud cheque held over.

And the whereabouts of the Community Action Party's Mr Klaew Norapati, favored to win his Bangkok seat, are at present unknown, though his Chart Thai Party rival has helpfully offered a reward of 20,000 baht for Mr Klaew's arrest to face charges of failing to file his expenses return for the last election.

Most intriguing of all is the candidacy of Mr Kriangsak Chomanan, former Prime Minister and now leader of the National Democracy Party.

He has been allowed out of custody where he has been held on sedition charges following last September's coup attempt.

Dr Akom can take some comfort from the fact that, once the ghosts which haunt the Thai electoral rolls have voted and the bought votes have been cast, at least the counting is usually fair.

THAILAND

ISOC INTELLIGENCE TO BE REORGANIZED

Kuala Lumpur ASIAN DEFENCE JOURNAL in English Aug 86 p 116

[Text]

Army Commander-in-Chief General Chaovalit Yongchaiyudh stressed the need for restructuring the intelligence gathering network of the Internal Security Operations Command (ISOC) and to make the best use of limited funds to combat communist activities. General Chaovalit as the director of communist suppression operations made his first policy statement to ISOC officials at Chulachomklao Royal Military Academy on June 25.

The Intelligence Coordinating Centre would control, direct and coordinate the efforts of all intelligence units of ISOC, Army and Capital Security Command for maximum benefit. Meanwhile only experienced and resourceful officers would be recruited for intelligence work and sophisticated equipment must be acquired to increase the efficiency of operations as a whole, he said. General Chaovalit added that ISOC's role would only be limited to coordinating, planning and administering the budget. Its role as the executor of anti-communist activities would be taken over by units directly concerned with suppression. Scaling down of paramilitary forces and permanent staff at every level of ISOC would continue to be observed but on the other hand efficiency must be improved with emphasis on the urban struggle.

The Army C-in-C went on to say that the only way to fulfill government policy to defeat the communists with a limited budget was to form a committee consisting of representatives from all ISOC units. The function of the Committee would be to draw up a budget and allocate funds for the government's anti-communist programme.

Touching on the activist groups formed by ISOC, namely the Or Por Por and Thor Sor Por Chor as part of its mobilization of the people, Gen. Chaovalit said the groups had been in conflict with one another. In order to restore unity, he advocated an educational programme to set up a 'mass group' dedicated to the promotion of democratic institutions with His Majesty the King as the head of state.

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CSO: 4200/1437

THAILAND

TOURIST VISAS TO BE ISSUED AT AIRPORTS

Bangkok THE NATION in English 4 Sep 86 p 2

[Text]

THAILAND is planning to issue visas on the spot at Don Muang Airport to attract tourists as the country is gearing up for the promotion of "1987 Visit Thailand Year."

An informed Foreign Ministry source told *The Nation* that during a meeting last month, senior officials from the Foreign Ministry, Immigration Division, Tourist Authority of Thailand and Thai International agreed in principle that tourists without entry visas should be given a seven-day visa at the airport.

In March this year the Interior Ministry put into effect a regulation listing people from 55 countries who can stay in Thailand up to 15 days without entry visa. Several Asian friendly countries, such as India, Pakistan, Bangladesh, Sri Lanka and China, are not included in the list.

The source said that the Foreign Ministry and Immigration Division will continue to discuss the details of the proposal before making the final decision later this year.

One obstacle that prevents immediate implementation of the proposal has been security concern. An immigration official said that currently there are many illegal immigrants from Bangladesh, India and China.

He said if Thailand gives these people such opportunity they will definitely come to Thailand to stay.

Under the new regulation, visitors from communist countries

including Indochinese states and those in the Eastern European bloc still have to apply for visas before entering Thailand.

The Immigration Division will set up a special counter at the airport and authorize entry visas. According to the Foreign Ministry source, tourists with the 7-day visa are eligible for another 15-day unrenovable extension. He said the authorities concerned have not yet come up with the term.

The 55 countries are as follows: North and South America: Argentina, Brazil, Canada, Mexico, US; Asia: Bahrain, Brunei, Burma, Indonesia, Israel, Japan, Jordan, South Korea, Kuwait, Malaysia, Oman, the Philippines, Qatar, Saudi Arabia, Singapore, Turkey and United Arab Emirates.

Countries in the Pacific region: Australia, Fiji, New Zealand, Papua New Guinea, Vanuatu, West Samoa; Africa: Algeria, Egypt, Kenya, Nigeria, Senegal, Sudan, Tunisia, Yemen.

European countries are: Austria, Belgium, Denmark, Finland, France, West Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Great Britain, North Ireland and Yugoslavia.

THAILAND

LABOR LEADERS SEEK INCREASE IN MINIMUM WAGE

Bangkok THE NATION in English 4 Sep 86 p 3

[Text]

LEADERS of four major labour organizations have agreed to support the move for an increase in the minimum wage this year, senior unionists said Wednesday.

Secretary General of the Labour Congress of Thailand (LCT) Wichai Thosuwanchinda said the agreement was reached after high-level talks among senior members of the four organizations, the LCT, Thai Trade Unions Congress (TTUC), National Congress of Thai Labour (NCTL) and National Free Labour League (NFLL).

"We (LCT) will join hands with the TTUC to press the government to adjust the minimum wage within this year since the current rate is no longer enough for workers. We think that workers should get at least 76 baht per day," he said. The minimum wage for unskilled workers in Bangkok and neighbouring provinces is 70 baht daily.

Meanwhile, vice president of the NFLL Boonrod Puengthat said the two-year wage freeze by the government prompted the four major organizations to reach a consensus.

"The labour organizations in the past didn't know the real economic situation since the Wage Committee never called a meeting for them to jointly discuss the economic trend," he said.

He admitted it was not easy asking the government to increase the minimum wage.

"After considering the government's attitude, I think that what workers can do is to wait and see," Boonrod said.

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CSO: 4200/1437

THAILAND

NUMBER OF UNEMPLOYED INCREASES TO OVER TWO MILLION

Bangkok THE NATION in English 4 Sep 86 p 5

[Text]

ABOUT 21 per cent of workers are still denied the minimum wage as the number of unemployed rose to over two million, Labour Director General Chamnarn Potchana said yesterday.

In his report to Deputy Interior Minister Chaleo Watcharapuk, Chamnarn said the figures were based on a survey conducted two weeks ago. Chaleo visited the department yesterday for a briefing on its work and problems.

Chaleo yesterday gave the department a set of guidelines to cope with the unemployment problem.

Among the directives are the possibility to set up a fund to assist Thai workers going to work overseas and the providing of vocational training to job-seekers.

Chaleo also ordered the department to tighten controls on aliens to prevent them from competing with Thai people for jobs.

The minister, who is in charge of labour affairs, said the department should find ways to help develop workers' skills so that they can meet the market demand. He also instructed the department to adopt measures to prevent strikes at state enterprises.

Chamnarn told Chaleo that the number of jobless people now stands at 2,152,000. He said 21.93 per cent of workers are not getting the minimum wage while another 11.88 per cent are receiving the wage. But as many as 63.81 per cent are earning more than required minimum.

Chamnarn said the government does not have enough job-creating projects to help lessen the unemployment problem.

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CSO: 4200/1437

THAILAND

BRIEFS

NAVAL AIRCRAFT ORDERED--The Royal Thai Navy has ordered two Fokker F27 Mark 400 multi-purpose turboprop aircraft for delivery late 1986 and early 1987. The RTN will use the new aircraft for special maritime tasks, target-towing and search and rescue. The aircraft will be specially equipped for these operations. The Royal Thai Navy has already ordered four F27 Maritime aircraft, the last of which will be delivered in April 1987. [Text] [Kuala Lumpur ASIAN DEFENCE JOURNAL in English Aug 86 pp 111] /9274

CSO: 4200/1437

PARTY ACTIVITIES AND GOVERNMENT

VIETNAM

TYRANNICAL, DEVIANT PARTY MEMBER DENOUNCED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 27 Jun 86 pp 1,4

[Article by Mai Van and Hong Quan: "Stories About the Unruly Behavior of the Vice Chairman of the Subward People's Committee, Concurrently Director of the Phu Loi cooperative in the Eighth Precinct"]

[Text] Recently SAIGON GIAI PHONG received many letters from members of the Phu Loi agricultural cooperative (22d Subward, 8th Precinct) complaining about the fact that Mr Tran Van Luong (alias Ba Luong), vice chairman of the subward people's committee and concurrently director of the cooperative, disregarded state law, oppressed the masses, assaulted and injured several persons, and seriously violated the cooperative members' right of ownership concerning income distribution. People revealed that these wrongdoings had been going on over the past few years and had been reported to the subward and precinct authorities but no action had been taken. For the purpose of investigation, we visited the 22d Subward and the Phu Loi cooperative and heard about the following incidents.

Assault and Battery

Mr Ba Luong once lost his cigarette lighter and suspected Huynh Van Tuan, a young cooperative member, of stealing it. He called Tuan to the cooperative office for an interrogation. Young Tuan produced his own cigarette lighter, which was unlike the lost one of Mr Ba Luong. But Mr Ba Luong still accused the young man of stealing his cigarette lighter and exchanging it with another person, and he then punched Tuan in the face until his nose bled. The next day, someone accidentally found Mr Ba Luong's cigarette lighter in the cooperative kitchen. It appeared that the previous night Mr Ba Luong went on a drinking bout, returned to the cooperative kitchen to look for drinking water, and dropped his cigarette lighter there!

One night, a young man called Ut Ha suspected stranger of carrying out illegal activities in the subward area and called on Mr Ba Luong to inform him of this. At that moment, Mr Ba Luong was busy drinking and said nothing about sending out his subordinates to investigate. Disappointed, young Ut Ha made a slip of the tongue and let out a curse. Mr Ba Luong then chased away the young man and beat him until his mouth bled.

Nguyen Van Manh was another young cooperative member. One night as he was on duty at the cooperative office, Mr Ba Luong happened to pass by and saw a ladder placed in front of the cooperative department store. Mr Ba Luong thus suspected young Manh of using the ladder to climb over the store wall to steal merchandise. Despite Manh's assertion that he had already found the ladder there since the previous afternoon, and despite the absence of conspicuous evidence, Mr Ba Luong beat him anyhow.

We met some of the victims of the assault and battery perpetrated by Mr Ba Luong since 1985 and we saw also the eyewitnesses to these acts; these persons had drawn up a "list" of 12 incidents. Almost all the Phu Loi cooperative members we met confirmed that Mr Ba Luong groundlessly beat people so many times. For instance, Mr Ba Luong slapped the face of a 10-year-old nephew of Mr Bay Ngot who lived near the Long Den canal just because this boy walked across the cooperative field on his way home after catching crabs elsewhere. Mr Ba Luong also beat a man who inadvertently picked off a leaf from the cooperative's sandalwood tree to shield himself against the sunlight. A young man called M who resided in Pham The Hien Street told us that after assaulting a person during a drinking party, Mr Ba Luong drew his party membership card from his pocket and proudly said: "As a party member, I have the right to beat you!"

False Reports

At the 26 April 1986 meeting of the 22d Subward people's committee, Mr Ba Luong reported that the Phu Loi cooperative had already distributed dividends in accordance with the plan. In report No 042 on "the result of tasks carried out during the first quarter of 1986," which was drawn up by the people's committee of the 22d Subward and signed by Chairman Nguyen Ngoc Quang on 17 April 1986, it was stated that "during the first quarter of 1986, the Phu Loi cooperative had completed the payment of dividends to its members. These dividends were composed of two parts: money and paddy. Each laborer received 2 tons of paddy and a sum of 3,000-5,000 dong per annum according to the number of work days performed."

However, all the cooperative members we met affirmed that ever since Collective No 3 progressed and developed into the Phu Loi cooperative (in the 1985 summer-fall season), the cooperative has not yet distributed shares to its members but has only temporarily paid them some money in advance. Because the amount of paddy delivered ever since by members to the cooperative according to the contractual norm is still stored in the granary and because part of it has sprouted, people wonder why the cooperative management board has not yet started distributing this paddy to members at a time when many families are living from hand to mouth.

The responsible comrades at the agricultural bureau in the 8th Precinct contended that though the bureau had sent out many reminders, it has not yet received a share distribution plan from the Phu Loi cooperative. Official letter No 36, which was signed on 27 February 1986 by the deputy chief of the agricultural bureau in the 8th Precinct and which was addressed to the Phu Loi cooperative management board and the 22d Subward people's committee, stated clearly: "We propose that the Phu Loi cooperative urgently draw up the dividend distribution plan for 1985." The report signed by the agricultural

bureau in the 8th Precinct on 22 May 1986 and sent to the party and people's committees in the same precinct said: "To date, the agricultural bureau has not yet received a dividend distribution plan from the Phu Loi cooperative though the bureau has repeatedly sent official letters and cadres to the cooperative to urge and remind it of this necessity."

The realities are thus completely different from what Mr Ba Luong and the people's committee of the 22d Subward have reported to the higher authorities.

Shady Business Administration

Puzzled by the working manner of the management board of the Phu Loi cooperative, its members have made comments in a whisper. Ever since Collectives No 3 and 4 merged into this cooperative, its management board has announced the implementation of the product contract system according to Circular No 100 but has not yet drawn up any specific contracting plan (and so far the agricultural bureau in the 8th Precinct has not received such a plan from the Phu Loi cooperative). In addition to the rice cultivation area assigned by contract to cooperative members, the management board has set aside 15 hectares of land and compelled members to cultivate it according to the piece-work contracting and work-point marking method but members never know the whereabouts of the harvested crop. When cooperative members received the contractually allotted land, no contract was made out to specify output norms at the beginning of the agricultural season so that they had to wait until completion of the rice harvest, when the management board would announce the quantity of paddy which they would have to deliver to the cooperative.

All the managerial tasks in the Phu Loi cooperative are in the hands of Mr Ba Luong's family and relatives. The deputy director of the cooperative is Tu Nhut, Ba Luong's younger brother. The cooperative accountant is Ms Loan, who is Mr Ba Luong's niece and calls him an uncle on her mother's side. The manager of the cooperative brick kiln is Phan Van Nam, who is the brother-in-law of Ba Luong and the father of Ms Loan. The manager of the cooperative rice mill is Ngo Hoang, the younger brother-in-law of Mr Ba Luong. The accountant in this rice mill is Tran Van Hung (alias Be Sau), Mr Ba Luong's son. Cooperative members are worried about Tran Van Hung who once stole a Japanese-made insecticide spray gun given by the municipality to the cooperative, who embezzled over 10,000 dong (old currency) from the rice mill, and who fled and returned home sometime afterward. Why has the cooperative management board allowed him to resume his post as accountant at the rice mill instead of taking legal proceedings against him?

People wonder why a survey conducted by the municipal land management committee revealed that the farmland area of the Phu Loi cooperative is 12 hectares larger than the area declared previously by Mr Ba Luong. The survey report was confirmed and signed by Mr Ba Luong. How is it that Mr Ba Luong continued to tell the cooperative members that the survey conducted by the land management committee was inaccurate and that there was no such surplus of 12 hectares as stated in the report. When the land management committee proposed that it would carry out a second survey and that if this confirmed the 12-hectare surplus, Mr Ba Luong would have to bear the cost of the survey, Mr Ba Luong rejected this proposal but continued to tell the cooperative members

that the cooperative never omitted these 12 hectares when reporting on its land area!

Who is Mr Ba Luong?

After being liberated by the revolution from the predicament of a mercenary, Mr Tran Van Luong (alias Ba Luong or Ba Chat) resumed his occupation as farmer and worked on a plot of land with an area of 3 cong [i.e., 1,000 square meters each] in the 22d Subward, 8th Precinct. Because he had only a small ricefield but many children, his family encountered numerous difficulties in the post-liberation days. However, Mr Ba Luong worked assiduously owing to the assistance of the hamlet people and to the favorable conditions created by the local administration. When Collective No 3 was set up, Mr Ba Luong acted according to the tradition of a fallen hero's family whose father sacrificed his life during the anti-French resistance. Therefore, Mr Ba Luong urged his wife and children to contribute land to the collective farming system. He won the people's confidence and was elected head of the collective. In the first years, he displayed great enthusiasm and dedicated himself to developing the collective. Starting with a plot of acid, sulfate, and saline land, he eagerly joined the people in carrying out water conservancy to irrigate fields and in building Collective No 3 into a typical agro-forestry-fishing unit. He has been admitted to party membership and is now vice chairman of the people's committee of the 22d Subward in the 8th Precinct. Ever since Collectives No 3 and 4 merged into the Phu Loi cooperative in May 1985, Mr Ba Luong has concurrently held the posts of cooperative director.

People in the Phu Loi cooperative--the outgrowth of collective No 3--do not yet forget Mr Ba Luong's effort and contribution to the collective development but are, at the same time, severely criticizing the serious shortcomings he has committed ever since he came to power and enjoyed the protection of some "bigwigs." People are proposing that the Phu Loi cooperative management board organize a criticism and self-criticism session soon in the presence of all cooperative members in accordance with the directive issued by the agricultural section of the municipal party committee and that a congress of cooperative members be convened to elect a new management board in a truly democratic fashion. People are also proposing that the sectors concerned at various levels quickly conduct an inquiry into the situation and take objective measures against Mr Ba Luong from the point of view of party and state organization. People said that only if these things are done can the Phu Loi cooperative be strengthened and its quality improved.

The lesson to be drawn from the process of Mr Ba Luong's deviation will be an issue whose significance will go beyond the scope of one cooperative and subward. How can a man--who comes from the laboring class, who is the son of a fallen revolutionary hero, who is a party member, and who has been entrusted by the people with great responsibilities--get bogged down and commit such blunders? Will this give us a lesson about self-improvement, about the education, aid, and control to be provided by the organization, and about the inspection to be exercised by the masses who are the collective owners of all revolutionary undertakings? Clarification of these questions will greatly benefit our tasks in many areas.

9332/9312

CSO: 4209/773

PARTY ACTIVITIES AND GOVERNMENT

VIETNAM

HAIPHONG PORT OFFICIAL DENOUNCED BY WORKERS

Hanoi LAO DONG in Vietnamese 10 Jul 86 pp 2, 7

[Letter sent by cadres and workers of Haiphong port to LAO DONG: "A Revengeful Action That Defies Public Opinion"]

[Text] To the editorial staff of LAO DONG:

Recently, in response to the CPV call made by Comrade Le Duc Tho in his newspaper article, Le Van Dinh, a worker, courageously denounced unit chief Nguyen Dinh Nam for corruption and blackmail, attended a port inspection meeting on behalf of all workers, and wrote to the "Worker's Mail Box for Party Building" in LAO DONG (issue No 26 of 26 June 1986). We, port cadres and workers, all agreed with Dinh while waiting for the results of his struggle.

We had not thought about protecting him. Then on 24 June, as we went to work, we were informed that Dinh was lured by a stranger out of his home and then a second stranger (still unidentified) hit him suddenly in the face with a "te" (an iron ball linked to a chain). Covered with blood, Dinh made a great effort to run back to his home where he collapsed. Entering the area where Dinh lives, the attacker had to inquire with the villagers about Dinh, and a teenager in the neighborhood had to ask him to repeat the question four times before he could understand. Thus the assailant harbored no personal grudge against Dinh. Undoubtedly, he was a hired hooligan. But who had hired him? No need to set one's wits to work because anyone can guess right away that the real criminal is Nguyen Dinh Nam, mechanical unit chief of Zone II.

That Dinh was suddenly assaulted and hospitalized for emergency treatment of severe injuries aroused our extreme indignation at the brutes and our boundless sympathy for Dinh and his family. At the same time, we were apprehensive. What should we do in response to the party call?

Comrade Le Duc Tho stated: "Whenever whistleblowers are targeted for retaliation and harassment, just and strict prosecution and punishment are needed." But who will prosecute whom since the offender is also the boss still haughtily calling the shots?

After Dinh was wounded, Nam became nervous and avoided going home to sleep, staying overnight at the enterprise instead. Through the mechanical workers' unit, he passed on a four-point verbal message to Dinh:

1. Asking him to drop all charges,
2. Wishing him and his family good health,
3. Offering him money if he so desires, and
4. Proposing to meet with him at a place to be chosen later.

Does it make sense to build the party with this kind of negotiation? Is it true that Nam was behind the preemptive assault (as part of his plan of boning Dinh out) to paralyze Dinh's will, paving the way for easy negotiation?

We do want to build the party, but we still lack courageous whistleblowers such as Dinh to meet the challenge head on; but due to that brutal incident, we think it is high time we spoke out once more. We suggest that hate party and administration promptly solve the matter.

[Boxed item p 2]

Additional Details on Above-mentioned Incident

[Article by a LAO DONG reporter]

Upon receipt of the above-mentioned letter, LAO DONG sent a reporter to Haiphong port to investigate and make some suggestions to the CPV municipal committee and municipal trade union federation.

Nguyen Dinh Nam is chief of loading and unloading mechanical unit No 2 in Haiphong port. He is nicknamed "King of the Cats" for his extreme arrogance and penchant for reprimanding, threatening, and blackmailing workers. Taking over as unit chief, he boasted that he "once beat up public security agents, security guards, and 'threw' a young female warehouse keeper into a river" as a warning to others. Workers are cowed into staying away from him.

Le Van Dinh has dauntlessly criticized Nam for blackmail and corruption. On 27 May 1986, as the representative of port workers he bared the truth at a meeting with the port inspection committee. Nam was mad with rage but postponed defending himself until a later date. Back in the unit, he forced some workers to sign papers attesting that they had spent a substantial amount of money. Subsequently, however, these workers kept the inspection committee posted on what really happened.

On 27 May 1986, right in front of the inspection committee, Nam told Dinh: "So I continue to be your unit chief and you continue to be a worker of mine. Please do not think that I'm going to harass you." In mid-June, aware that the wrongdoings were not yet investigated and solved, Nam triumphantly said to some people in front of warehouse No 12: "If this time I can get away with it, I'll bone him (Dinh)." A worker repeated the threat to Dinh.

On 23 June 1986 (3 days before issue No 26 of LAO DONG was out), at 7 pm Dinh was lured by two hired hooligans (port workers call them "hired murderers" instead) into a refreshment shop--300 meters from home--where they hit him with a "te," causing serious injuries. Visiting Dinh in his home, one of the workers transmitted Nguyen Dinh Nam's four-point message to him. Port public security took note of these details in its investigation.

Dinh's Present Health Condition

Le Van Dinh is a class-6 worker specializing in motor vehicle and crane repairs in Haiphong port. His wife is a party member. He was still in the port infirmary when we delivered gifts from the LAO DONG editorial staff and the municipal trade union federation to him. The wound on his forehead was already covered with skin, but it had swelled. Dr Pham Ngoc Trinh, physician on duty at the infirmary, said: "Dinh has not yet fully recovered, and he is often dizzy. His skull has been injured." Public security from Hong Bang Ward (Haiphong) came to see him for an inquiry.

They asked him: "Do you have any enemies?"

Dinh took from his pocket a copy of the letter denouncing Nam, which he had sent earlier to LAO DONG magazine and TIEN PHONG newspaper, and handed it to ward public security investigators. Aside from Nam, Dinh had no enemies.

We asked Dinh: "Before you were assaulted, did you fear retaliation?"

"A month ago," he said, "I sent a letter denouncing Nguyen Dinh Nam to Do Van Cuong, the port director and also a deputy to the National Assembly, but have not heard from him yet. Realizing that Nam is a brutal man and sensing imminent danger, I met on June 21 with Cao Tien Thu, the port deputy director in charge of internal affairs, requesting the director to take steps to foil revengeful attempts. But in the end, I was grievously beaten up. This is known to everyone here. Although they had great sympathy for me, some cadres and workers who came to see me said upon leaving: 'Learning that you were hurt, we drop by to visit you, but please don't say to anyone that we were here.'"

Worker's Opinion

In a recent letter to LAO DONG, Dinh confided: "Everyone considers my criticizing the unit chief a simple and small affair. In fact, as you see, it is a heart-rending one. Who is protecting me now?"

When he wrote these lines, Dinh did not know that port workers, as a collective, had voiced their support for him and sent a letter to LAO DONG. The ranks of Haiphong workers were also on his side, ready to protect him through the municipal trade union federation. The latter's standing committee members in their meeting with us unequivocally supported Le Van Dinh's struggle for party building. Port public security officials have promised a prompt investigation. Party municipal committee echelons have also promised a joint meeting with the municipal trade union federation, the people's organ of control, municipal public security, and the Haiphong port director to solve the matter. The Le Van Dinh affair has laid the groundwork for a continuous

campaign to expand control to thwart and eventually eliminate the blackmail, theft of goods, and corruption which have prevailed at the port for years.

We have also sent a copy of the above-mentioned letter of port workers to Communications and Transportation minister Bui Danh Luu.

We believe that leading ministry and city officials will take effective steps to block retaliatory attempts against laborers for their courageous struggle against negative phenomena in contributing to party building.

9213/9312

CSO: 4209/796

PARTY ACTIVITIES AND GOVERNMENT

VIETNAM

DISCIPLINARY ACTION AGAINST PROVINCE PARTY OFFICIAL REPORTED

Hanoi NHAN DAN in Vietnamese 16 Jul 86 p 4

[Article: "Disciplinary Action Against a Member of the Ha Nam Ninh Provincial CPV Committee"]

[Text] Comrade Phan Thanh Ky, 50 years old, has held several responsible positions, such as corporation deputy director and director, deputy director, and director of the provincial water conservancy department. He was awarded the Third Class Medal of Resistance Against the Americans and eight other certificates of commendation. Since March 1983, he was elected to the provincial CPV committee and to the provincial people's committee and appointed director of the Ha Nam Ninh water conservancy department.

Throughout his nearly 20 years at the water conservancy department, Comrade Phan Thanh Ky has made certain significant contributions, but in 1985, he committed a grave error in a matter of policy and, because of his lack of responsibility, was the cause of serious consequences.

What happened was this: In March 1985, in the capacity of director of the water conservancy department, Phan Thanh Ky recommended to the provincial people's committee to cut an opening in the Bieu Thuong 'am (in the village of Yen Bang, Y Yen District) and to build a new culvert, in contradiction to the Ministry of Water Conservancy's instructions which limited the work to a simple maintenance and repair. The whole matter was a serious violation of dam protection management.

In the ensuing construction work, there was a lack of monitoring and supervision to ensure the appropriate supply of material supplies in order to complete construction before the heavy rains. When the rainy season came, no timely palliative measures were taken for the unfinished project, and there was also a lack of on-the-spot monitoring and supervision in the construction of a backup dike as well as in flood control in the Bieu Thuong culvert area which had been designated as sensitive and vital.

Due to a lack of flood control measures, when the water level rose, rescue operations were ineffective, and the dam gave in on the morning of

13 September 1985, causing floods, water clogging, and crop damage in several villages.

Acting on a report of the Ha Nam Ninh CPV committee and an inspection committee of the central government, the secretary of the CPV Central Committee dismissed Comrade Phan Thanh Ky from the position of member of the provincial party organization.

The secretary also deemed appropriate the dismissal of Comrade Phan Thanh Ky from the directorship of the provincial water conservancy department and his exclusion from the membership of the provincial people's committee and recommended that the two actions be taken by an authorized state agency.

Localities and sectors should learn from this disciplinary action for the execution, direction, and monitoring of their missions and for stepping up educational activities to enhance the sense of organization, discipline, and responsibility of their cadres and party members.

9458/9312
CSO: 4209/778

PARTY ACTIVITIES AND GOVERNMENT

VIETNAM

CLEANUP ACTIONS AGAINST CADRES, GOVERNMENT EMPLOYEES REPORTED

Hanoi NHAN DAN in Vietnamese 19 Jul 86 p 4

[Article: "After the First Phase of Self-criticism and Criticism: Corrective Actions Taken at Some Localities and Sectors"]

[Text] After the first phase of self-criticism and criticism, actions have been taken by various localities and sectors to correct errors and shortcomings.

In the province of Ha Nam Ninh, of the 6,897 cadres of the ranks of members of CPV and people's committees and other key cadres of the district and town levels whose files had been reviewed, 758 comrades had their cases further investigated. Of those, 209 cases were probed for lack of sense of responsibility, 123 for housing irregularities, 113 for corruption and for connivance with mischievous individuals, 66 for living above their means and in debt, 78 for creating disunity, 59 for having a paternalistic attitude, and 24 for engaging in unethical sexual relations. Disciplinary actions were taken against 149 comrades, including 12 exclusions, 13 exiles, 28 dismissals, and 31 warnings. These actions entailed the recovery of 66,1618 square meters of land and fields, over 430,000 dong, and over 27 tons of paddy. The court sentenced the station chief of the foreign trade station of Vu Ban District to 4 years in prison for defrauding 99,000 dong and its chief accountant to 3 years in prison for defrauding nearly 140,000 dong and ordered an audit of the foreign trade corporation of Thanh Lien District for distributing internally 1.8 tons of noodles (an average of 40 kg per capita) and 8 tons of nitrogenous fertilizers. Tam Diep District decided to reclaim 120,000 dong unlawfully loaned to district key cadres for the purchase of motorcycles. Kim Bang District repossessed 10 ounces of gold (confiscated from dishonest merchants) that had been questionably priced by key district cadres for the purpose of buying the gold themselves.

Quynh Phu District of Thai Binh Province demanded the return of price discrepancy subsidies and bank loans to cadres to buy imported motorcycles and other imported commodities. Tien Hai District reclaimed 80 hectares of land unlawfully distributed in five villages, including Nam Hai Village in which an additional 50,000 dong and 1.2 tons of paddy were taken back from corrupt cadres. Thai Thuy District audited the village of Thuy Quynh, recovered for

the collectivity over 300,000 dong, and disciplined 8 out of 17 members of CPV committees charged with wrongful acts. The village of Thai Giang retrieved 19 tons of nitrogenous fertilizers and over 5 tons of paddy and is contemplating disciplinary action against 7 out of 17 members of the village CPV chapter for wrongdoings.

In the province of Phu Khanh, Son Hoa District recollected nearly 100,000 dong in excessive bonuses given by the Foreign Trade Co. The chairman of Tuy Hoa District has returned a piece of land earlier granted for house building, and another member of the district CPV committee, concurrently village chairman, repaid the budget 1,300 dong of secret funds.

In the province of Dong Nai, the district CPV committee decided to reimburse immediately the public budget 450,000 dong which had been misappropriated and divided among its members. Long Thanh District suspended the director of its Level 3 corporation and decided that the corporation reimburse the state 1.2 million dong in price discrepancy subsidies in the sale of cashews.

The CPV committee of the central industrial bloc has placed the names of 41 comrades on a list of cases to be reviewed, including 33 comrades cited in complaints submitted by citizens and 1 secretary of a CPV committee.

Major offenses included corruption, unlawful business, false background declaration for sending children abroad, and unethical sexual relations.

9458/9312

CSO: 4209/778

PARTY ACTIVITIES AND GOVERNMENT

VIETNAM

CORRUPTION AT HAIPHONG PORT DECRIED

Hanoi LAO DONG in Vietnamese 10 Jul 86 p 2

[Article by Nguyen Viet, Yuen Binh, and Hoang Lien Son: "'Disturbing Procedures' Still Prevail in Haiphong Port"]

[Text] In June 1986, the Yen Binh-Hoang Lien Son Grain Corporation was authorized to receive quota goods at the Haiphong level 1 Grain Corporation.

Since we came from the first time from a mountain province in the distant border region inhabited by ethnic minorities to pick up goods, we could not avoid being unfamiliar with the procedures of delivering and receiving merchandise there which was vastly different from ours.

Besides a commodity transportation permit, we must pay an additional 350 dong for each 5-ton truck. As we inquired, we were told that this was a bonus for loading and unloading workers.

On 13 June 1986, we came to warehouse No 13 (inside the port) to pick up three truckloads of wheat flour; in addition to 350 dong per truck, the warehouse keeper brazenly asked for an addition 50 dong--which he called a permit-writing fee--but we forked out only 30 dong, and a bargaining session ensued, turning the office into a market.

Aside from 3 trucks loaded with wheat flour, we also had 11 trucks authorized to receive rice "in priority" right from ship-unloading cranes. There, once again we were compelled to pay 350 dong per truck as well as 50 dong before being allowed to pick up the rice from cranes. This raised a question: Which unloading and loading workers were entitled to the 3,850-dong bonus which 11 trucks had paid?

While we were studying directive No 79 of the Secretariat of the CPV Central Committee on conducting self-criticism and criticism and thwarting negative phenomena among party members and people, did the above-mentioned phenomena smack of negativism? When were they born and how could they continue to exist insolently? It is hoped that the boards of directors of Haiphong port and the Haiphong Level 1 Grain Corporation strictly control, investigate, and promptly take remedial steps.

9213/9312

CSO: 4209/796

ECONOMIC PLANNING, TRADE, AND FINANCE

VIETNAM

NEED TO DEVELOP CREDIT COOPERATIVES DISCUSSED

Hanoi NHAN DAN in Vietnamese 27 Jun 86 pp 1,4

[Editorial: "Consolidate and Develop Credit Cooperatives"]

[Text] A credit cooperative is a socialist economic organization, a component of the cooperativization movement acting in concert with other collective economic organizations to steer the laboring people toward large-scale socialist production, and is an effective surrogate for the state bank in currency and credit management in rural areas. As such, it is most obliged to procure capital to make loans for improving local production and living standards.

In the past 30 years, more than 7,500 credit cooperatives have been set up in nearly all villages and some subwards in cities, municipalities, and towns. Drawing from a capital in excess of 100 million dong, they make loans totaling 150-200 million dong a year. More than 50 percent of saving accounts come from credit cooperatives, over 35 percent of which have each deposited more than 1 million dong. They also pay pensions to war invalids and retirees and handle other social welfare expenses in the rural areas. Credit cooperatives with excellent track records include Lien Hong (Hai Hung), Ha An (Quang Ninh), Kim No (Hanoi), Ba Ria (Dong Nai), Dac O (Song Be), Chieng Pan (Son La), Quynh Nghia (Nghe Tinh), and Hai Ninh (Thuan Hai).

In past years, credit cooperatives have made an important contribution to managing currency and expanding credit in the country side, developing production, accelerating commodity circulation, serving in combat, and consolidating national defense.

In general, however, they have experienced uneven and instable growth, low quality, and limited efficiency. They have not yet conducted economic accounting, still relying on the state subsidy system. Some have relaxed management, giving rise to embezzlements, property losses, and an erosion of the people's trust.

Implementing the resolution of the CPV Fifth Congress and other resolutions of the Sixth, Seventh, and Eight Plenums of the Central Committee, we should consolidate and develop the credit cooperative movement nationwide. Right now, it is urgent to renovate the managerial structure, refine the

organization, and expand the business activities of credit cooperatives to help the latter grow in a comprehensive, stable, and steadfast fashion. The effort to consolidate and improve credit cooperatives should focus on three major areas:

First, make them really stable and strong. Village and subward CPV committees and people's committees should bring into credit cooperative management boards those cadres and party members who are young, trustworthy, virtuous, and able to assimilate party and state policies, and should provide vocational and political training and managerial skills to all cadres.

Second, foster the financial and business autonomy of credit cooperatives and mobilize and use capital with flexibility to suit the income characteristics and psychologies of various popular strata, with a view to attracting large deposits and stimulating many people to put their money in credit cooperatives and use it productively. Credit cooperatives should serve production and living standards and work closely with other local collective economic organizations in production, distribution, circulation, and consumption. While doing business independently--their main duty--credit cooperatives should, depending on their managerial skills, expand their role as surrogates for the state bank according to agreed-upon terms and bilateral contracts. Localities being engaged in building model "agricultural, industrial, commercial, and credit cooperatives," or general business cooperatives, should review their experiments as soon as possible; in any event, however, these models should be aimed at tapping idle capital for the production and circulation of goods in the villages.

Third, rid the business activities of credit cooperatives of bureaucratic centralism and administrative subsidies and switch to economic accounting and socialist business to achieve profitability and high efficiency.

We should strengthen the leadership of CPV committee echelons and administration officials, looking after the organization, policies, and business goals of credit cooperatives in a direct and comprehensive manner.

The state bank should promote its staff role to help party committee echelons and administrative officials, in the course of their leadership duties, to modify and reinforce promptly, the policies, procedures, and vocational measures concerning credit cooperatives, and to foster the autonomy of a collective economic organization without hurting state policies on currency and credit management.

As organizations owned by the masses, credit cooperatives need the active input of various sectors, echelons, and mass organizations through efforts to conduct propaganda and stimulate their members to join the movement with enthusiasm.

Credit cooperatives should renovate their managerial system and activities, press forward in the spirit of self-reliance, foster business dynamism, and properly carry out their functions and tasks, thus contributing to accelerating production growth and serving living standards.

9213/9312

CSO: 4209/740

ECONOMIC PLANNING, TRADE, AND FINANCE

VIETNAM

DISORDERLY PRODUCTION, SALE OF CIGARETTES DECRIED

Hanoi NHAN DAN in Vietnamese 26 Jun 86 p 2

[Article by Huu Hanh: "Restore Order to Cigarette Production and Consumption"]

[Text] Cigarettes are being produced in many places. Is there anything worth mentioning? Well, we can see right around us that there are numerous cigarette brands. And a truism is that some production installations, including those under state management, often change cigarette labels--without changing the tobacco content--to get higher market prices. In principle, whenever it wants to introduce a new product, an installation must--in addition to internal rearrangement--file an application with state management agencies and send to consumption organs information on the new model, its brand name, price, and quality, and payment formulas in seeking approval. It falls to producers to register cigarette trademarks with state agencies to enable the domestic trade sector to make plans for signing sale contracts. At times, producers send out samples to solicit orders; at others, however, they sell their products directly to localities, or sectors, before contacting domestic market for sale promotion. Production installations often present a category of tobacco under different labels without the knowledge, or agreement, of distribution and circulation sectors. Cigarettes are divided, for instance, into first-quality and second-quality products; but in fact, they are different from each other only in packaging and cigarette weight. The domestic trade section has suggested to no avail that second-quality cigarettes be wrapped in 100-cigarette packs, or in unlabeled packs, and sold at moderate prices to consumers only in some distant areas of the country. Currently, there are in the market tens of cigarette brands produced by central state enterprises--not to mention those from local enterprises. So-called premium tobacco is only slightly different from--or is similar to--good tobacco in terms of quality; their only difference resides in their labels. Nearly all provinces--and some districts and wards--produce cigarettes. Some industrial sectors having nothing to do with cigarette production have turned out cigarettes, resulting in low-quality products and a profusion of trademarks, including those which have no meaning at all. Initial statistics indicate that there are more than 100 brands of cigarettes nationwide, that local makes account for over 50 percent of the total, and that many brands, currently in circulation, have never been registered with the state for quality, pattern, and trademarks.

To inquire about the situation, we met with the deputy director general of the Union of Cigarette Enterprises (Ministry of Food Products), who is also director of Cigarette Combine No 1. He said that the trademark controversy has given rise to a multitude of ideas and problems requiring discussion. But producers are interested in two main things--to make quick sales and collect money and to show dynamism by regularly renovating the product line. In fact, raw tobacco materials have not changed. Since consumer feedback has an impact on production, recently we have come to realize clearly that we should concentrate on a few traditional products only, rather than "bring forth" a legion of cigarette brands which are apt to disrupt the market.

Cigarette sales are fraught with extreme complexities, even inside a locality and when only a single brand is involved. The State Price Commission fixes official prices for the Song Cau cigarette brand, setting the pace for the rest of the cigarette market to follow. In light of that criterion, and also of local supply and demand and budget requirements, localities--other than wards and districts--are authorized to set their own prices. These prices are extremely flexible (within the limits of local authority) and are aimed at fighting speculation, accelerating sales, and avoiding disturbances and noxious repercussions on other commodities.

In fact, due to arbitrary interpretations of state regulations on prices, retail prices of cigarettes are inordinately elastic, leading to substantial variations from one locality, or trade organization, to the other. Even state commercial organizations--including the level-III public restaurant network, state stores, and marketing cooperatives--are bound to sell cigarettes at retail prices previously approved by provincial and municipal governments; in return, they are entitled to commissions, or rebates, to ensure profitability. But in fact, every commercial echelon and organization within a locality takes it upon itself to set cigarette retail prices; worse yet, they keep raising these prices. Sale counters, stores, and hotels in the same city often sell the same cigarette brand but not at the same prices. The reason is that there are numerous business organizations, numerous cigarette brands, and numerous cigarette suppliers. The directress of the Hop Thinh Marketing Cooperative (Ha Dong City) said: "State trade or tourist and foreign trade corporations have never delivered cigarettes to marketing cooperative stores in the sub-wards. Hence, our store is obliged to ferret out suppliers and buy from anyone who sells. Prices are agreed upon by both sides and we are ready to accept the consequences--whether a gain or a loss." That is why the price of a pack of cigarettes at village and sub-ward marketing cooperative stores varies from one place to the other and often tops the guided price by 50-200 percent.

Whenever cigarette prices are raised by the state, the localities would come up with a slight hike. So would trade stores, marketing cooperatives, and service sectors, each competing with the other to jack these prices up, setting an example for private traders to follow. This is not to mention such phenomena as embezzlement and collusion between trade personnel and dishonest merchants.

We should restore order to cigarette production and consumption. We should not allow producers to introduce new brands and raise prices at will inasmuch as tobacco quality and production costs have not changed. Resolutions passed

by the CPV have called for complying with price discipline and thwarting arbitrary price hikes. The cigarette sector should strive to rearrange its production and reorganize its cigarette production installations in a rational way. Right now it is urgent to struggle to stabilize commodity prices, control and regulate prices in the social market, block sudden price increases, and avoid passive attempts to tread on the heels of the free market. The cigarette production and consumption network must meet these requirements, thus contributing to stabilizing the market, prices, production, and living standards.

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HEALTH, EDUCATION, AND WELFARE

VIETNAM

TREATMENT OF MALNUTRITION IN CHILDREN WITH ALGAE

Hanoi NHAN DAN in Vietnamese 26 Jun 86 p 3

[Article: "Treatment of Malnutrition in Children With Spirogyra"]

[Text] Malnutrition, a rather widespread disease in developing countries, is difficult to treat and is characterized by high mortality rates. According to the Hanoi Institute for the Protection of Children's Health, that disease strikes 12-13 percent of the children. Treatment of grave forms of malnutrition requires a great deal of time and money (because of the use of infusions, such as of blood, nitrogen, intravenous fluid electrolytes, vitamins, and minerals). At present in the world, mostly in advanced countries, there is a tendency to treat malnutrition with plant nitrogen, including spirogyra, a genus of algae which has moderate potency, according to many authors. In our country, Military Hospital No 108 has used algae in a pastry form to treat wounded soldiers and children.

Recently, the pediatric department of Thuan Hai Hospital, under the guidance of Dr Hoang Trong Kim and Dr Huynh Thi Kim Dung, successfully treated cachectic children with dried spirogyra produced by the Vinh Hao Spring Water Enterprise and later processed by the Thuan Hai Pharmaceutical Combine into granules.

Experimental treatment of malnutrition on more than 100 patients, ranging in age from 3 months to 12 years, (including 60 boys and 40 girls) attests to the potency of algae. After 2 weeks of treatment with algae granules along with other usual procedures, children gained weight--and average of 8.3 percent, compared with 3.2 percent for nonusers. After 4 weeks, weight increase reached 12.7 percent (compared with 5.6 percent for the reference group). Arm and thigh measurements were greater in algae users than those in the reference group. After 2, 4, and 6 weeks of treatment, arm measurements increased 9.8 percent, 15.2 percent, and 15 percent, respectively. Right after the second week of treatment, thigh measurements were already up 7.8 percent from the pre-treatment period. Biochemical analyses also yielded excellent results. Liver and kidney functions were normal.

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POPULATION, CUSTOMS, AND CULTURE

VIETNAM

ERADICATION OF SUPERSTITIOUS PRACTICES IN MEKONG DELTA DISCUSSED

Hanoi NHAN DAN in Vietnamese 12 Jul 86 p 3

[Article by Nguyen Quoc Pham: "Elimination of Superstitious Practices and Outmoded Customs in the Mekong Delta"]

[Text] From the day the south was entirely liberated until now, there has been a fundamental change in the cultural and spiritual life in the Mekong delta. The campaign for building a new lifestyle and for breaking down superstitious practices has achieved great results. In recent years, in carrying out the directives of the party secretariat relative to building a new lifestyle and suppressing superstitious practices and outmoded customs in the Mekong delta, the leadership committees of provinces, districts, villages, and subwards were extremely active in the movements for building a new lifestyle. The fight against social ills, especially against superstition, has been widespread in the lives of the people at the grassroots level. However, in certain localities, particularly in remote rural areas where communications means are inconvenient, superstitious practices and bad customs unfortunately found again a thriving ground and jeopardized production and the people's livelihood.

One of the common characteristics of those localities is that due to natural, historic, and social conditions and to the contamination caused by the culturally decadent old and neo-colonialism, vestiges of the latter are still lingering in the cultural and spiritual life of the people in various forms of religious faiths, of other creeds wearing a religious appearance, and of superstitious practices and outmoded customs.

Superstitious activities are quite sophisticated and of a changing nature. Moreover, they are camouflaged under various disguised religions and sow unhealthy habits and an unhealthy psychology among the people. These peculiarities make more complex the fight against superstitious practices and outmoded customs in the Mekong delta. Certain cadres and citizens still cannot differentiate the party policy for freedom of religion and, on the other hand, the fight against superstition, which is not considered religious faith. As a result, there has been a lack of resolve in this endeavor.

Realities in the campaign for building a new lifestyle and eliminating superstitious practices in the Mekong delta have shown that with the support and concern of local party chapters and government, some localities have been successful in promoting a people's movement against those who take advantage of the credulity of others to make a living on the trade of superstition. Using the communist youth unions, the Red Cross, and the collective farmer associations as spearheads, localities reviewed the status of places of worship and clarified the history of temples, pagodas, and small shrines, determined the true places of worship and of religious activities of the people, and singled out those facilities which wore a disguised facade of a religious cult. They also made a difference between bonafide religious services, traditional celebrations, and superstitious activities and hence assisted the people in reforming communal houses, small shrines, and other gathering places for superstitious activities.

In Kien Giang Province alone, in the first 6 months of 1985, the authorities have completed the classification and handling of hundreds of communal houses and small pagodas and shrines not belonging to places of worship and religious activities. The eradication of mediums, fortune telling, physiognomy, and astrology and other efforts to root out bad customs in funerals, weddings, festivals, and celebrations gradually became popular movements. The town of Rach Gia and the Giong Rieng District launched the most vigorous campaigns for building a new lifestyle and for eliminating outmoded customs. Popular movements that resulted from those campaigns achieved significant results and were instrumental in creating outstanding models in building a new lifestyle at the grassroots level.

Nevertheless, through the same realities in Kien Giang in particular and in the Mekong delta in general, the eradication of superstitious practices and outmoded customs brought up certain issues that need to be continually solved:

- We need to step up propaganda activities to cause cadres and the people to get a just perception and understanding of legitimate religious activities and superstitious practices and to single out bad elements who take advantage of the freedom of worship to make their living out of superstitious practices. In the Mekong delta, if one goes deep into the rural areas, he may find various forms of "religions" whose true nature can be seen through their activities pervaded with superstition. Those so-called "religions" must be eliminated with appropriate measures, and those people who take advantage of them to spread nonsense and cheat honest people must be severely dealt with. In certain rural localities of the Mekong delta, vestiges of superstitious practices such as mediums, spirit calling, healing by charms, and magic power are still rampant. Therefore, we need to use our scientific reasoning to distinguish, on the one hand, religious faith which is based on religious doctrines, religious ideology, and religious organizations that have come into being throughout history and, on the other, superstitious activities which are but vestiges of the old decadent society. Superstition thrives through exploiters of the credulity and low cognitive faculty of the people to make a dishonest living. Besides, certain people (some are not of low-level education), weakened by material difficulties in their livelihood or by emotional pressure, are attracted into superstitious and senseless practices. All those

considerations must be taken into account and pointed out in propaganda activities to encourage the people to eradicate superstitious practices and outmoded customs resolutely.

Clarifying the above matters will also serve as the basis to demonstrate that with regard to the freedom of faith, the policy on religion does not contradict the eradication of superstitious practices.

- The cadres and people need to understand the complexities of the fight against and the eradication of superstitious practices and outmoded customs. The work cannot be finished overnight. In the Mekong delta, like the "new illiteracy" ill that is taking place in certain rural areas, superstition and bad customs usually recur when conditions are right. This is a strenuous and complex struggle in the fields of thought, culture, and lifestyle that requires constant attention from related sectors and levels and that cannot be underwritten in the cultural sector alone and among the cultural workers alone.

The Mekong delta, with its natural complex topography and its intertwined systems of canals and arroyos, is difficult to travel in, particularly during the rainy season. Addressing the needs in transportation, health, education, mass information, etc. is an essential condition for building a new lifestyle and, starting from there, for creating popular movements in remote rural areas, on islands, and in minority zones to encourage the people to volunteer to fight superstition and outmoded customs.

In conjunction with building a new lifestyle, the eradication of superstitions and outmoded customs is an important part of the ideological and cultural revolution. It needs to be stepped up in the Mekong delta simultaneously with the current implementation of the three revolutions.

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